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Fourteenth annual progress report on the implementation of the capital master plan

Report of the Secretary-General

Summary

The fourteenth annual progress report on the implementation of the capital master plan is submitted pursuant to section II, paragraph 34, of General Assembly resolution 57/292. The report provides an update on the status of the project since the issuance of the thirteenth annual progress report (A/70/343) and responds to requests contained in paragraphs 7 to 17, 19 and 20 of Assembly resolution 70/239.

The renovation of the Headquarters complex was substantially completed by September 2014 for the opening of the sixty-ninth session of the General Assembly and all the buildings within the scope of the project were occupied and functional.

The Office of the Capital Master Plan was closed as of July 2015 and the remaining activities were assumed and managed by the Office of Central Support Services.

From July 2015 until the time of preparation of the present report, the Office of Central Support Services undertook post-renovation, commissioning and punch-list corrective activities and administrative tasks in support of the close-out of the project.

Those activities resulted in progress from substantial completion to final completion and in the issuance of corresponding certificates by the architects and engineers of record for the three primary buildings, namely, the Secretariat Building, the Conference Building and the General Assembly Hall, and for the basements and other subcomponents of the project.

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The interim arrangements for the relocation of the functions formerly housed in the Dag Hammarskjöld Library Building and in the South Annex Building were completed as planned.

The demolition and the removal of the temporary North Lawn Building were concluded in July 2016 and subsequent landscaping activities are ongoing. Security-related work at the 42nd and 48th Street entrances, which began in April 2016, is progressing according to schedule, with substantial completion expected by 31 December 2016.

The cost of all post-renovation construction and close-out activities is being met as planned from within the existing approved resources of the capital master plan project.

The financial position of the project remains consistent with the projection presented in the thirteenth annual progress report (A/70/343), taking into account the decisions of the General Assembly in its resolution 70/239.

As at 30 June 2016, the cost to complete the capital master plan project was projected to be at the approved resources level amounting to $2,150.4 million (excluding the renovation of the Dag Hammarskjöld Library Building and the South Annex Building in accordance with General Assembly resolution 69/274). Approved resources comprise the original budget of $1,876.7 million and donations of $114.3 million, plus interest income and the working capital reserve fund of $159.4 million. At the time of the drafting of the present report, more than 99.8 per cent of the funds had been expended.

The capital master plan addressed the serious concerns raised by the General Assembly in its resolutions 61/251 and 62/87 with respect to the hazards, risks and deficiencies of the condition of the Headquarters complex. The capital master plan has achieved its objective of renovating and modernizing the Headquarters, ensuring the safety, health and well-being of staff, delegations, visitors and tourists.

The many lessons learned and experience gained by the Organization during this unprecedented undertaking are included in the guidelines for the management of construction projects of the Organization, issued in January 2016 by the Office of Central Support Services. The guidelines will be fully taken into account in any future construction/renovation projects undertaken by the Secretariat.

The General Assembly is requested to take note of the current report and to request the Secretary-General to submit the fifteenth progress report at the main part of its seventy-second session.

I. Overview

1. The recently completed capital master plan was the largest and most comprehensive construction and renovation project undertaken by the United Nations.

2. The project met its objectives of honouring and preserving the original historic design of the Headquarters complex, while at the same time modernizing the facilities to meet current accessibility, safety, security and technological standards.

3. Planning for the capital master plan began in 1999, the Office of the Capital Master Plan was created in 2002 and the construction phase of the project spanned the period from 2008 to 2014.

4. The General Assembly requested the Secretary-General to submit annual reports on the progress, schedule, projected cost to completion and financial status of the capital master plan. The present report is the fourteenth such report to the Assembly.

5. Since the issuance of the thirteenth annual progress report in August 2015 (A/70/343), all construction work, including commissioning and punch-list corrective work, in the campus has been fully completed by the construction management company.

6. In addition, all work pertaining to the interim arrangements for the relocation of the staff and functions of the Dag Hammarskjöld Library Building and the South Annex Building, the renovation of which had been suspended owing to security considerations, has been completed.

7. The demolition of the temporary North Lawn Conference Building was completed successfully on 1 July 2016. The landscaping work to restore the ground to its design prior to the start of the project has begun and is scheduled to be completed by 31 December 2016. Works of art that were located on the North Lawn will be reinstalled as part of the landscaping work.

8. The remaining security-related work at the 42nd and 48th Street entrances to the Service Drive has also begun and is progressing according to schedule, with substantial completion expected by 31 December 2016.

9. The final projected cost of the capital master plan remains at $2,150.4 million. The amounts that were previously advanced by the Office of the Capital Master Plan to cover the associated costs and the secondary data centre, respectively, have now been financed separately by the General Assembly in accordance with its resolution 69/274. The following sections of the present report respond to the requests contained in paragraphs 7 to 17, 19 and 20 of Assembly resolution 70/239.

II. Project strategy and status

10. Post-renovation construction and close-out activities undertaken since the thirteen annual progress report include the following:

(a) Punch-list, commissioning and residual work in the Conference Building, the General Assembly Building and the basements;

(b) Completion of the remaining tasks relating to the various systems, such as the distributed antenna system, the audiovisual system, building management systems and the congress microphone and simultaneous interpretation system;

(c) Construction of three new food facilities to replace the main cafeteria, which was located in the South Annex Building: one at the southern end of the fourth floor of the Conference Building, including pick-up for online ordering, in the former location of the staff café; a grab-and-go service on the first basement level of the Secretariat Building, in the area formerly occupied by the Postal Service; and an online pick-up and coffee and snack service at the northern end of the Secretariat lobby;

(d) Refurbishment and reconfiguration of the Dag Hammarskjöld Library Building, with a separation between the south and north parts of the building, allowing limited occupancy in the north part, with the south side reserved for non-staff use only, such as the storage of equipment and library materials;

(e) Construction of classrooms and some offices that were previously located in the South Annex Building and that were relocated to the original North Lawn Building, in the third basement area under the temporary North Lawn Conference Building. The interpreters' lounge and touchdown space has been relocated to the twelfth floor of the Secretariat Building;

(f) The disassembly and demolition of the temporary North Lawn Conference Building and beginning of the final landscaping work;

(g) The beginning of the construction of the security-related work at the 42nd and 48th Street entrances to the Service Drive.

11. The financial close-out of the project, which includes the closure of open guaranteed maximum price contracts with the construction manager and payment of the major final invoices, also continued during the reported period.

12. The following milestones have been completed since the thirteenth annual progress report:

(a) Final completion of the construction of the Secretariat Building;

(b) Final completion of the construction of the Conference Building;

(c) Final completion of the construction of the basements;

(d) Final completion of the construction of the curtain wall;

(e) Final completion of the security upgrade work on the surveillance devices and equipment within the Headquarters complex;

(f) Final completion of the construction of the permanent broadcast facility systems;

(g) Final completion of the construction of the media assets management systems;

(h) Final completion of the construction of the distributed antenna systems;

(i) Final completion of the construction of the audiovisual system;

(j) Final completion of the construction of the congress microphone and simultaneous interpretation system;

(k) Final completion of the construction of the vertical transportation system;

(l) Final completion of the construction of the building management systems;

(m) Final completion of the construction of the three new food services locations;

(n) Final completion of the reconfiguration of the Dag Hammarskjöld Library Building and implementation of the limited occupancy concept;

(o) Final completion of the construction of the classrooms in the third basement area in the North Lawn Building;

(p) The disassembly and demolition of the temporary North Lawn Conference Building.

III. Project schedule

13. The capital master plan project has maintained the overall schedule reported in table 1 of the thirteenth annual progress report. The current status of the schedule is presented in table 1 of the present report.

14. Upon the conclusion of the procurement exercises and contractual negotiations with the awarded vendors, the remaining work relating to the disassembly and demolition of the temporary North Lawn Conference Building and the landscaping work and the security-related work at the 42nd and 48th Street entrances began in December 2015 and April 2016, respectively.

15. The demolition activities were concluded in July 2016 and the landscaping work will achieve final completion by 31 December 2016. The security-related work at the 42nd and 48th Street entrances is expected to be substantially completed by the end of 2016. Final completion is expected by 1 April 2017.

16. Following the substantial completion of the work at the Headquarters complex, the issuance of certificates by the architects and engineers of record, the occupation of the buildings and the successful operation of building systems, work continues to complete punch-list and other commissioned work in order to address deficiencies.

17. Discussions with the host city, New York, in particular with the Department of Building and Department of Transportation, have been productive and major progress has been made towards the granting of the permits for security-related work at the 42nd and 48th Street entrances. Verbal approval has been granted and a permit has been issued. Following a public hearing held in July 2016, the case was sent to the New York City Comptroller for approval. The permit, allowing work to proceed, is expected to be received by September 2016.

18. Renovation of the Dag Hammarskjöld Library Building and the South Annex Building has been suspended owing to security concerns, as reported to the General Assembly at its sixty-ninth and at prior sessions and will not be completed under the capital master plan, in accordance with section VIII, paragraph 14, of Assembly resolution 69/274.

19. The Secretariat successfully completed the implementation of the interim measures for the relocation of the functions housed in both buildings in order to preserve a degree of functionality and to safeguard and protect the Organization's staff and ensure continuity of functions.

20. Reconfiguration and refurbishment of the Dag Hammarskjöld Library Building was carried out in order to implement the limited occupancy concept, according to which the presence of staff is restricted to locations on the north side of the Library Building, with the south side reserved for non-staff, including for the storage of equipment and library materials.

21. The classrooms and some offices, which had previously been located in the South Annex Building, were relocated to the original North Lawn Building, in the third basement area under what used to be the temporary North Lawn Conference Building. The interpreters' lounge and touchdown space was relocated to the Secretariat Building.

22. The cafeteria, which had previously been located in the South Annex Building, was relocated to the following three new food locations: one at the southern end of the fourth floor of the Conference Building, including pick-up for online ordering, in the former location of the staff café; a grab-and-go service on the first basement level of the Secretariat Building, in the area formerly occupied by the Postal Service; and online pick-up and coffee and snack service at the northern end of the Secretariat lobby.

IV. Dag Hammarskjöld Library Building and the South Annex Building

23. In paragraph 9 of its resolution 70/239, the General Assembly requested the Secretary-General to submit, for its consideration and approval, future proposals relating to the renovation of the two buildings as separate projects outside the scope of the capital master plan through established procedures.

24. In paragraph 10 of the same resolution, the General Assembly also requested the Secretary-General to continue to engage in high-level conversations with the host city with a view to addressing the pending security concerns in relation to the Dag Hammarskjöld Library Building and the South Annex Building and to report on this matter in the context of the fourteenth annual progress report.

25. As described in the eighth annual progress report on the capital master plan (A/65/511), in the light of studies undertaken to evaluate the resilience of the buildings to threats from adjacent roadways, it was determined that neither building, within reasonable costs, could be successfully renovated to achieve safe occupancy. This is attributable to the structure of the buildings themselves, which are relatively lightweight, and their proximity to the 42nd Street off-ramp of the FDR Drive.

26. As a result, as previously reported to the General Assembly in the ninth, tenth, eleventh, twelfth and thirteenth annual progress reports (A/66/527, A/67/350, A/68/352, A/69/360, and A/70/343), the design of the renovation of the two buildings was suspended and the Secretariat relocated the functions housed in both buildings to ensure continuation of the operations.

27. Proposals relating to the renovation of the Dag Hammarskjöld Library Building and the South Annex Building will be submitted to the General Assembly for its consideration and approval in the future as a separate project, outside the scope of the capital master plan, in accordance with paragraph 9 of Assembly resolution 70/239.

Table 1
Projected schedule of the capital master plan

	As set out in A/62/364		*As set out in A/63/477*		*As set out in A/64/346*		*As set out in A/65/211*		*As set out in A/66/327*		*As set out in A/67/330*		*As set out in A/68/332*		*As set out in A/69/360*		*As set out in A/70/343*		*As set out in the present report*		
Activity	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Status*
Construction of North Lawn Building	Early 2008	Mid-2009	Early 2008	Mid-2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Completed
Secretariat Building	Early 2009	Early 2012	Early 2009	Early 2012	Late 2009	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Completed
Conference Building	Mid-2009	Mid-2011	Mid-2009	Mid-2011	Late 2009	Late 2011	Early 2010	Early 2012	Early 2010	Late 2012	Early 2010	Late 2012	Early 2010	Early 2013	Early 2010	Early 2013	Early 2010	Early 2013	Early 2010	Early 2013	Completed
General Assembly Building	Mid-2011	Mid-2013	Mid-2011	Mid-2013	Late 2011	Late 2013	Early 2012	Late 2013	Early 2013	Mid-2014	Early 2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Completed
South Annex Building	Early 2011	Early 2012	Early 2011	Early 2012	Late 2011	Early 2013	Early 2012	Mid-2013	–	–	–	–	–	–	–	–	–	–	–	–	Suspended
Dag Hammarskjöld Library Building	Early 2012	Early 2013	Early 2012	Early 2013	Early 2013	Late 2013	Early 2012	Late 2013	–	–	–	–	–	–	–	–	–	–	–	–	Suspended
Completion of renovation of United Nations Headquarters	Early 2008	Mid-2013	Early 2008	Mid-2013	Late 2008	Late 2013	Mid-2008	Late 2013	Mid-2008	Mid-2014	Mid-2008	Mid-2014	Mid-2008	Late 2014	Late 2008	Late 2014	Late 2008	Late 2014	Late 2008	Late 2014	Completed
Closure of the Office of the Capital Master Plan and handover to the Office of Central Support Services															Mid-2015		Mid-2015		July 2015		Completed
Demolition of temporary North Lawn Conference Building													Early 2015	Late 2015	Late 2015	Late 2016	Late 2015	Mid-2016			Completed
Landscaping of North Lawn													Early 2015	Late 2015	Late 2015	Late 2016	Late 2015	Late 2016			On track
Security-related work at 42nd and 48th Streets													Early 2015	Late 2016	Late 2015	Late 2016	Late 2015	Late 2016*			On track

* Substantial completion.

V. Remaining post-renovation activities

28. At the time of the submission of the present report, the remaining post-renovation activities are still ongoing and requiring completion were:

(a) Site landscaping work following the demolition of the temporary North Lawn Conference Building, including the relocation of the exterior artwork and gifts;

(b) Security-related work at the 42nd and 48th Street entrances, including reconfiguration of the north and south entrances of the Service Drive to accommodate a loading dock at 48th Street and revised traffic patterns at 42nd Street;

(c) The administrative and financial close-out of the following four guaranteed maximum price contracts with the construction manager: the Conference Building, basements, the building management systems and coordination agreements.

VI. Accountability and oversight

29. In paragraph 13 of its resolution 70/239, the General Assembly requested the Secretary-General to ensure proper mechanisms of accountability and clear reporting lines after the closure of the Office of the Capital Master Plan and to report thereon in the context of the fourteenth annual progress report.

30. Upon the closure of the Office of the Capital Master Plan in July 2015, the responsibility and accountability for the post-renovation construction activities within the original project scope, together with other administrative tasks and final close-out activities, were assumed by the Office of Central Support Services.

31. The Assistant Secretary-General for Central Support Services, who reports to the Under-Secretary-General for Management, is responsible for the day-to-day oversight of the few remaining activities and for updating the Under-Secretary-General on the status and progress of the remaining works and close-out activities.

32. A core team from the Office of the Capital Master Plan, with technical and substantive expertise gained during the years of project implementation, was retained to augment staff in the Office of Central Support Services in order to ensure the successful completion of the remaining work and final close-out.

33. The functions of the Chief of Administration of the Capital Master Plan were assumed temporarily by the chief of administration and communication in the Facilities Management Service. To ensure the robust management and oversight of the final close-out phases and reconciliation of the accounts, the functions will be fully encumbered by a dedicated staff member beginning in October 2016.

34. To ensure appropriate accountability mechanisms, the Under-Secretary-General for Management continues to provide overall supervision and is accountable for the completion of the residual activities of the capital master plan.

35. The Board of Auditors will continue to review and audit the financial aspects of the capital master plan, as part of its responsibility for the financial statements,

until the final close-out of the accounts. The Board will also undertake a substantive audit of the remaining activities of the plan in the biennium 2016-2017.

VII. Implementation of the recommendations of the Board of Auditors

36. The Board of Auditors continued its audit following the issuance of the thirteenth annual progress report. The Board audited the capital master plan project from November 2015 to June 2016.

37. In its annual report on the audit of the capital master plan for the 12-month period ended 31 December 2015 (A/71/5 (Vol. V)), the Board observed that the renovated buildings and basements were operating well and opined that they provided a more modern working environment operated by more sophisticated systems and equipment, with improved security for much of the campus, and that a significant amount of asbestos abatement had been done. The Board acknowledged that those improvements had been delivered while retaining an important architectural and aesthetic heritage of the Headquarters complex and maintaining business-as-usual operations.

38. The Board noted that the capital master plan was in its final phase and that all major procurement actions had been finalized and that major construction works were completed. The Board concluded that the plan was coming to a close.

39. The Board also acknowledged the following points:

(a) All major procurement actions had been finalized, major construction works were complete and major shocks were not anticipated at this stage of the project;

(b) The impact of unforeseen events, including the removal of large amounts of asbestos from the buildings, the need to meet more stringent security requirements and damage arising from Hurricane Sandy, had contributed to significant cost and time overruns over the life of the project;

(c) The complexity of the close-out phase and that final completion and certification was a complex and potentially lengthy exercise that required finalizing punch-list items, completing any corrective work required and agreeing on final prices for all work. All contractual documentation, such as warranties, operating manuals and training materials, should also be submitted. The process was subject to a verification process by programme managers and architects of record to safeguard the interests of the United Nations;

(d) The handover and the transition of the renovated campus to the Office of Central Support Services had taken place and was operating effectively.

40. The Board referred to the project benefits, which were included in the thirteenth annual progress report, demonstrating how the capital master plan had achieved the original outcomes expected (see A/55/117), namely, a Headquarters campus that:

(a) Was energy-efficient, free of hazardous materials and compliant with the building, fire and safety codes of the host city;

(b) Provided full accessibility to all persons;

(c) Met all reasonable, modern-day security requirements;

(d) Preserved the original architecture to the greatest extent possible.

41. The Board indicated that, of 11 outstanding recommendations for the period ended 31 December 2014, 3 (27 per cent) had been implemented, 3 (27 per cent) were under implementation, 4 (37 per cent) were not implemented and 1 (9 per cent) had been superseded by a new recommendation of the Board.

42. The Board's recommendations for the period ended 31 December 2015 were focused on five primary areas:

(a) Strengthening the approach to managing the project to completion;

(b) Application of the newly developed project management guidelines of the Office of Central Support Services;

(c) Realization of the full potential benefits of the capital master plan and ensuring that optimal use is made of the new working environment to reduce the use of costly rented accommodation;

(d) Development of a business case in support of proposed annual and longer-term maintenance budgets based on a detailed analysis of operational data;

(e) The analysis of utilities data following the closure of the North Lawn Building.

43. The Secretariat has accepted all the recommendations of the Board and has committed itself to fully implementing them.

VIII. Benefits of the capital master plan

44. As acknowledged by the Board of Auditors, the thirteenth annual progress report included comprehensive information on the benefits that the capital master plan had delivered in line with the relevant resolutions and the mandate from Member States.

45. The capital master plan addressed numerous deficiencies that had been neglected, left untreated and had accumulated over the years. The plan furnished a newly renovated facility, accessible to all persons, which is energy-efficient, free of hazardous materials, compliant with the building, fire and safety codes of the host city and meets all reasonable, modern-day security requirements.

46. Since the launch of the capital master plan, the overall reduction in energy consumption has been approximately 56 per cent, as reflected in table 2. The reduction in energy consumption was achieved mainly through the following various key initiatives undertaken by the plan:

(a) The replacement of the ageing and leaky exterior glass facades, which had reached the end of their useful life and required replacement for safety and security reasons;

(b) The replacement of deteriorated and inefficient cooling equipment, which was also at the end of its useful life;

(c) The installation of new electronic building management systems, which control energy usage by remote and programmable means and prevent waste;

(d) The installation of new, high-efficiency lighting.

47. A summary of the energy consumption for the first four-and-a-half months of 2016 and an estimate of the full consumption for the entire year is found in table 3.

Table 2
Comparison of energy consumption between 2006 and 2015

	January-December 2006	*January-December 2015*	*Percentage reduction*
Electricity usage (kBTU)[a]	151 946 050	145 413 981	4.3
Steam usage (kBTU)	400 517 070	90 515 200	76.15
Total	**552 463 120**	**240 929 181**	**56.39**

[a] Thousand British thermal units.

Table 3
Expected energy consumption for 2016

Utility	*Usage (kBTU)[a] from 1 January to 15 May*	*Expected usage (kBTU) from 16 May to 31 December*	*Total expected usage (kBTU)*
Electricity	58 384 096.80	93 414 554.88	151 798 651.68
Steam	36 356 400.00	58 170 240.00	94 526 640.00
Total	**94 740 496.80**	**151 584 794.88**	**246 325 291.68**

[a] Thousand British thermal units.

48. The variances in consumption between 2006 and 2015 are attributed mainly to the fowling aspects:

(a) The switch from steam to electricity-based cooling;

(b) The addition of new significant electrical loads since the beginning of the capital master plan, including the technical centre, the more pervasive use of electronic equipment throughout the campus, and increased electricity usage and demand during the peak summer season.

49. With respect to monetary benefits and savings, it should be noted, however, that there is no linear correlation between the reduction in consumption and cost savings owing to a significant increase in the cost of utilities since 2006 and the difference in rates between electricity and steam. It should also be noted that, while the newly renovated buildings require less overall maintenance and repair efforts, the newly installed sophisticated systems and equipment require more consistent and costly servicing. The maintenance of the new system requires high levels of technical expertise that the Secretariat does not possess in-house, and for which the services of special commercial vendors are required. In addition, the new systems

require more robust and frequent maintenance checks based on the schedules set out in the operations and maintenance manuals provided by the vendors and not only when there is a failure and/or malfunction. In line with the recommendation of the Board of Auditors, and in order to maximize the benefits from the renovated campus, the Secretariat put in place 34 maintenance service contracts with external professional vendors.

50. In late 2018, one year after the full implementation of the Umoja plant maintenance module, the Secretariat intends to commission a specialized firm to undertake an external independent review of its maintenance practices and approaches and to assess the balance between outsourcing and the in-house provision of maintenance, ensuring the cost-effective use of resources.

51. The cost of utilities, namely, electricity, steam, water and gas, at Headquarters has been reduced by more than 39 per cent ($14.1 million) over the past five bienniums, from $35.9 million to $21.8 million (see table 4).

Table 4
Cost of utilities in the past five bienniums

Description	*2006-2007*	*2008-2009*	*2010-2011*	*2012-2013*	*2014- 2015*
Electricity	14 536 322.47	17 301 356.69	19 337 004.59	17 501 881.19	15 983 467.00
Steam	18 696 194.08	14 592 256.37	9 007 533.50	5 261 620.00	4 424 149.00
Water	2 604 227.54	2 010 284.99	1 815 000.00	1 186 000.00	1 232 292.00
Gas and other utilities	65 738.76	52 871.25	230 512.50	86 597.95	140 600.00
Total	**35 902 482.85**	**33 956 769.30**	**30 390 050.59**	**24 036 099.14**	**21 780 508.00**

IX. Financial status of the capital master plan

A. Status of assessments and sources of funding for the capital master plan

52. In section VIII, paragraph 15, of its resolution 69/274, the General Assembly noted that the final cost of the capital master plan project, excluding the renovation of the Dag Hammarskjöld Library Building and the South Annex Building, was $2,304.8 million.

53. This amount consists of project costs of $2,150.0 million, associated costs and the cost of the secondary data centre borne by the capital master plan in the amount of $154.8 million.

54. In the thirteenth annual progress report, it was indicated that an additional $0.4 million in voluntary contributions had been made by some Member States, increasing the project budget from $2,150.0 million to $2,150.4 million.

55. The total approved funding for the capital master plan project amounts to $2,150.4 million, comprising appropriations for the original project scope of $1,876.7 million, donations of $14.3 million, interest income and the plan's working capital reserve amounting to $159.4 million and $100.0 million funding for the enhanced security upgrades.

56. All approved funding in the amount of $2,150.4 million has been applied in full to the renovation activities so as to meet contractual obligations as they fall due for payment.

57. At an anticipated final cost of $2,150.4 million, compared with the approved original budget of $1,876.7 million plus voluntary contributions totalling $14.3 million, the project resulted in a cost overrun of $159.4 million, or 8 per cent.

58. Table 5 compares the total approved funding for the capital master plan project with the expected cost for the completion of the project.

Table 5
Comparison of the funding for the capital master plan project and the expected cost to completion, as at 30 June 2016
(Millions of United States dollars)

Description	*Amount*	*References*
Total appropriations from 2004 to 2011	1 876.7	Resolutions 57/292, 59/295, 60/248, 60/256, 60/282, 61/251, 62/87 and 64/228
Voluntary contributions	14.3	Received under the capital master plan donations programme
Use of interest income and the capital master plan working capital reserve	159.4	Resolutions 66/258, 67/246 and 68/247 A
Funding for the enhanced security upgrades	100.0	Contribution by the host country
Total funding available	**2 150.4**	
Project cost of original renovation (excluding Dag Hammarskjöld Library Building and the South Annex Building) and scope requested under the donations programme	2 050.4	
Cost of enhanced security upgrades	100.0	
Total project cost to completion	**2 150.4**	

59. As at 30 June 2016, an amount of $0.1 million in unpaid assessed contribution was outstanding from six Member States.

B. Interest income, working capital reserve and cash balance

60. The estimated amount of interest to be accrued on the balance of the capital master plan funds is expected to be $114.4 million by the time of the financial close-out of the project. In accordance with section IV of General Assembly resolution 68/247, the balance of the interest income and the working capital reserve is applied to the remaining cash balance of the plan.

C. Capital master plan project expenditure and requirements for the remaining project period

61. As stated above, the estimated final cost of the capital master plan project is $2,150.4 million. As at 30 June 2016, cumulative expenditure incurred amounted to

$2,145.7 million, indicating that 99.8 per cent of the estimated cost to completion has been expended and committed. The latest status of the plan's expenditure and remaining requirements is summarized in table 6.

Table 6
Capital master plan project expenditure and requirements until completion, as at 30 June 2016
(Thousands of United States dollars)

	Expenditure	*Remaining requirements*	
Description	*From project inception to June 2016*	*From July 2016 to December 2017*	*Total*
Capital master plan project			
Design contractual services	168 828.5	–	168 828.5
Staff costs for the Office of the Capital Master Plan	33 264.8	645.8	33 910.6
Support staff costs	15 671.7	231.8	15 903.5
Operating and other costs	13 439.3	1 360.0	14 799.3
Programme management and other consultants	56 172.7	–	56 172.7
Construction and pre-construction	1 409 831.7	4 517.1	1 414 348.8
Swing space costs (including rent)	554 600.8	–	554 600.8
Subtotal	**2 251 809.5**	**6 754.7**	**2 258 564.2**
Prior-period adjustments	9 204.0	–	9 204.0
Adjusted project expenditure	**2 261 013.5**	**6 754.7**	**2 267 768.2**
Savings from cancellation of obligations	(215 271.1)	(2 114.1)	(217 385.2)
Subtotal	**2 045 742.4**	**4 640.6**	**2 050 383.0**
Enhanced security upgrade project	100 000.0	–	100 000.0
Total, capital master plan project expenditure	**2 145 742.4**	**4 640.6**	**2 150 383.0**

62. Table 6 shows that the requirements for the project from July 2016 to December 2017 are estimated at $6,754,700. The remaining requirements include the following:

(a) A core team for the management and administration of the remaining activities ($645,800);

(b) Support staff costs for six months of one General Service (Other level) position in the Accounts Division and one P-4 and one General Service (Other level) position in the Procurement Division to complete the financial close-out of the project ($231,800);

(c) Operating and other costs consist of outside legal counsel ($1,000,000, in addition to $500,000 that was already assigned as of June 2016) and the cost of the Board of Auditors ($360,000);

(d) Work to the 42nd and 48th Street entrances ($4,517,100).

63. The estimated remaining requirements relate to remaining post-renovation tasks, as described in section IV above, and the closure and final reconciliation of all remaining contracts. Given that the project is nearing completion and more than 99.8 per cent of the approved project funds have been expended, no potential increases in project costs or changes in the volume and scope of the works are anticipated at this time.

64. In July 2015, the Organization received a notice of arbitration relating to a dispute between the construction manager and one of its electrical trade subcontractors. Pursuant to a competitive procurement exercise, the Secretariat retained the services of outside counsel to assist the Office of Legal Affairs in defending the Organization in those arbitral proceedings.

X. Associated costs and the secondary data centre

65. The overall associated cost expenditure amounts to $139.7 million. The cost of the secondary data centre amounts to $19.2 million.

66. The associated costs and the cost of the secondary data centre have been funded from $4.2 million relating to the secondary data centre from the support account for peacekeeping operations and $154.7 million in accordance with section VIII, paragraph 16, of General Assembly resolution 69/274.

XI. Consolidated expenditure and requirements

67. The final consolidated requirements of the capital master plan amount to $2,305.1 million, or $2,309.3 million if the portion funded by the support account for peacekeeping operations is taken into consideration. Details are provided in table 7.

Table 7
Consolidated expenditure as at 30 June 2016 and projected requirements until December 2017
(Millions of United States dollars)

Description	*From project inception to June 2016*	*From July 2016 to December 2017*	*Total*
Project costs			
Capital master plan project	2 045.7	4.6	2 050.4
Enhanced security upgrade	100.0	–	100.0
Subtotal	**2 145.7**	**4.6**	**2 150.4**
Non-project costs			
Associated costs	139.7	–	139.7
Secondary data centre	15.0	–	15.0
Subtotal	**154.7**	**–**	**154.7**
Consolidated total	**2 300.4**	**4.6**	**2 305.1**

Description	*From project inception to June 2016*	*From July 2016 to December 2017*	*Total*
Portion of secondary data centre funded from the support account for peacekeeping operations	4.2	–	4.2
Consolidated total, including portion funded from the support account for peacekeeping operations	**2 304.6**	**4.6**	**2 309.3**

68. Financial statements regarding the project activities and expenditure for the 2016 financial period will be completed, consolidated and finalized in March 2017 by the Office of Programme Planning, Budget and Accounts, following established financial reporting processes, in compliance with the Financial Regulations and Rules of the United Nations. The fifteenth progress report will be submitted to the General Assembly at the main part of its seventy-second session.

69. It is anticipated that the financial close-out of the capital master plan project will be conducted during 2016 and 2017, following which it is the intention of the Secretary-General to submit a final report to the General Assembly. Should there be residual balance or savings from the project funds, the amounts will be reported in the final financial statements and a proposal on how the amounts may be returned to Member States will be included in the final report of the Secretary-General.

XII. Actions to be taken by the General Assembly

70. **The Secretary-General recommends that the General Assembly:**

(a) Note the progress made since the issuance of the thirteenth annual progress report;

(b) Request the Secretary-General to submit the fifteenth progress report of the project and the aggregate cost to completion at the main part of the seventy-second session of the General Assembly.

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Item 69 (b) of the provisional agenda*
Promotion and protection of human rights: human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Adequate housing as a component of the right to an adequate standard of living

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, Leilani Farha, submitted pursuant to Human Rights Council resolutions 15/8 and 31/9.

* A/71/150.

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Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context

Summary

The fiftieth anniversary of the adoption of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights provides an important opportunity to reflect on the impact of dividing the unified rights in the Universal Declaration of Human Rights into two categories. Of particular importance was the choice to separate the right to life from the right to adequate housing.

The right to life does not actually belong to one or the other category of human rights. Lived experience illustrates that the right to life cannot be separated from the right to a secure place to live, and the right to a secure place to live only has meaning in the context of a right to live in dignity and security, free of violence.

The right to adequate housing is too frequently disconnected from the right to life and core human rights values, treated more as a policy aspiration than as a fundamental right which demands timely rights-based responses and access to justice.

Violations of the right to life have been addressed primarily in cases where direct action or deliberate omissions by States have deprived or threatened to deprive individuals of life. The failure of States to address systemic deprivations of the right to life tied to poverty, grossly inadequate housing and homelessness have not received the same attention. The urgency and outrage that should be provoked in response to the conditions in which millions of people are forced to live seem to have gone missing; so too has the political will to address those conditions.

Relying on emerging jurisprudence in domestic, regional and international human rights law, responding to the lived experience of rights holders, international human rights mechanisms, States, domestic courts, civil society and the media are well placed to bring forward an integrated understanding of the right to life. Now is the time to reunify these two rights so that homelessness and grossly inadequate housing are seen and addressed as unacceptable violations of the right to housing and the right to life.

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I. Introduction

1. The present report of the Special Rapporteur on the right to adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, is submitted pursuant to Human Rights Council resolutions 15/8 and 31/9. The right to life is recognized as the "supreme" human right, the protection of which is required for the realization of all other human rights.[1] Despite this centrality, and the fact that millions of marginalized individuals and groups experience dire housing conditions that threaten their right to life, the applicability of the right to life to the right to adequate housing has yet to receive much attention from the international human rights community.

2. The present report is intended to contribute to a sorely needed discussion of the relevance and importance of the right to life for those living in grossly inadequate housing conditions and for those who are homeless. The report is timely and reflects on experiences of the mandate to date.[2]

3. The fiftieth anniversary of the adoption of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights provides an important opportunity to reflect on the impact of the division into two categories of what are unified rights in the Universal Declaration of Human Rights. Of particular importance was the choice to place the right to life in only one of the covenants: the International Covenant on Civil and Political Rights. The right to life does not actually belong to one or the other category of human rights, civil and political or economic, social and cultural. It has dimensions of both. One can be deprived of life by acts of States such as extrajudicial killings, but equally by being deprived of access to food, water, sanitation and a safe and secure place to live. The Charter of the United Nations and the Vienna Declaration and Programme of Action, adopted by the World Conference on Human Rights in 1993, reference this holistic understanding of human rights, recognizing not just the interdependence and indivisibility of rights, but also the clear connection between a dignified life and the realization of all human rights.

4. The decision made 50 years ago to place this core, overarching right in only one of the covenants created a dilemma: should the right to life in article 6 of the International Covenant on Civil and Political Rights be severed from its critical economic, social and cultural rights dimensions? Should violations of the right to life be restricted to situations of deliberate or preventable infliction of death, such as through a death penalty, murder or infanticide? Or should violations that result from State neglect be considered of equal importance, violations, for example, resulting from failure to take reasonable measures to ensure access to food, housing, water and other necessities of life? Answers to these questions have implications that go far beyond the interpretation of rights in the two covenants. They have significant consequences for people whose right to life has been threatened by homelessness or inadequate housing, and for the way in which States and other actors respond to their plight.

[1] Human Rights Committee, general comment, No. 6 (1982), para. 1.

[2] The Special Rapporteur is grateful for all the contributions and inputs received for the preparation of the report, which are available from www.ohchr.org/EN/Issues/Housing/Pages/RighttoLifeRighttoAdequateHousing.aspx.

5. The relationship of the right to life and the right to adequate housing has emerged as central to the work of the mandate holder. The right to adequate housing is too frequently disconnected from the human rights values which form its core, and is treated more as a socioeconomic policy aspiration than as a fundamental right which demands effective, rights-based responses and timely access to justice.

6. Official missions and working visits, in both affluent and emerging economies, have provided the Special Rapporteur with an opportunity to meet people of all ages who are homeless, living on sidewalks, in parks, cars and abandoned buildings, in shelters, collective centres, container settlements, institutions and relocation sites, and in informal settlements. Many are forced to live in overcrowded conditions, without running water or electricity, amid excrement and garbage, without adequate protection from inclement weather, with no bed to lie on, little food to eat and nowhere to wash or defecate; often threatened by violence, insecurity and stigmatization and, worst of all, forced to watch children suffer and frequently die from prolonged diarrhoea and other effects of life without adequate water, sanitation or housing. All are hanging on by the thinnest thread, clinging to life, dignity and humanity, and often lacking any form of social protection.

7. When these same conditions are brought to light in the context of prisons and detention centres, there is no question that they are to be considered critical human rights violations demanding action. When they are raised as violations of the right to adequate housing, on the other hand, there is little sense of urgency or outrage and, rather than being addressed as egregious human rights concerns requiring concerted attention, they are relegated to discussions on infrastructure and sustainable development.

8. People who are homeless or living in inadequate housing describe their experiences in terms of their struggle for dignity and life: that is how they articulate their claim to human rights. They draw no artificial boundaries between their living conditions and what they consider human rights violations. They report that they are not treated as human beings, that whether they are alive or dead is of little significance to government officials, that they are considered "expendable". They experience being forgotten and neglected by governments, left to struggle in intolerable circumstances, as no less a violation of human rights than direct government action. A proper response to these living conditions requires openness not just to claims for the right to adequate housing, but also to more central claims to the right to life. These claims, however, have not been fully heard by the international human rights community.

9. The highest United Nations officials rarely point to widespread homelessness and inadequate housing as a human rights crisis demanding priority attention. The Human Rights Committee has yet to consider whether failing to take positive measures to address homelessness constitutes a violation of the right to life. Habitat III, the third United Nations Conference on Housing and Sustainable Development, failed to identify systemic violations of the right to life and the right to adequate housing as key issues; and domestic courts and human rights bodies rarely engage with governments about their obligations to adopt effective strategies to address and eliminate homelessness and intolerable living conditions as enforceable human rights obligations.

10. On missions, the Special Rapporteur has found that there is a distinct contrast between the way in which deprivations of the right to housing are described by

rights holders in communities and the way they are discussed in meetings with government officials. Those who live in grossly inadequate housing or who are homeless experience these deprivations as assaults on their dignity and rights, while government officials view housing as one among many programme demands competing with highways and sports stadiums for budgetary allocations, assessed by the numbers of housing units or toilets provided, often without meaningful engagement with the lives of those affected. Effective responses to inadequate housing and homelessness as human rights violations require recognition that housing policies and programmes are the means through which the fundamental right to a dignified and secure life is ensured.

II. Unearthing the connections: life, security, dignity and housing

11. An estimated one third of deaths worldwide are linked to poverty and inadequate housing[3] and the immense impact of substandard housing and homelessness on the rights to life, security and dignity for the most vulnerable populations is undeniable. The following examples, focusing on the lived experiences of particular groups in particular circumstances, offer a deeper understanding of the intersections between the right to housing and the right to life.

A. Homelessness

12. For anyone who is homeless or street involved, living in security and dignity is near impossible. The death rate among homeless people ranges from two to ten times higher than for those who are not homeless.[4] In eight states in India, between 2010 and 2016, approximately 24,000 homeless people died as a result of their living conditions, such as from infectious diseases, road accidents, and exposure to the elements.[5] The interim findings of a study undertaken in the United Kingdom of Great Britain and Northern Ireland, for example, showed that homeless women can expect to live for just 43 years, compared to 80 years for women in the general population.[6]

13. Homeless people are subject to constant intimidation, discrimination and harassment; they are denied access to places to shower, urinate, defecate or eat; they are rounded up and forced out of cities and relocated to remote locations where no one wants to live; and they are subject to extreme forms of violence (A/HRC/31/54, para. 21). Homeless women often have their children taken away from them by government officials on the basis that they cannot provide them with a life of security and dignity.[7]

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[3] Anne-Emanuelle Birn, "Addressing the societal determinants of health: the key global health ethics imperative of our times", in Solomon Benatar and Gillian Brock, eds., *Global Health and Global Health Ethics* (Cambridge, United Kingdom of Great Britain and Northern Ireland, Cambridge University Press, 2011), para. 43.

[4] Ibid., para. 41.

[5] Submission by the Housing Rights and Land Network for the present report.

[6] Crisis, "Homelessness: a silent killer; a research briefing on mortality amongst homeless people", December 2011.

[7] *Women and the Right to Adequate Housing* (United Nations publication, Sales No. E.11.XIV.4).

14. The most recent estimates available indicate there may be 100 million children living in the streets.[8] This is the result of dire situations: abuse at home, extreme poverty, family break-up, and displacement or homelessness. They live perilous lives under a constant threat of violence from the public as well as from police authorities. They are malnourished, have no access to sanitation facilities and often sleep rough. Their vulnerability to sexual exploitation brings with it many threats to life, including sexually transmitted diseases.[9] The indignity and suffering that homeless people and street connected children experience in their daily lives cannot be overestimated. In several studies, children in street situations express a grave bleakness about their lives, indicating that they feel they have no future at all.[10]

B. Informal settlements

15. The failure of States to address conditions in informal settlements creates multiple threats to life, dignity and security. Accidents are routine. Fires break out as a result of unauthorized electrical connections, of cooking on open flames indoors or of the use of highly flammable construction materials such as cardboard and plastics. Settlements are commonly built on treacherous land. Simple accidents become fatal when emergency services either cannot reach the site or are unwilling to enter the site.

16. Water- and sanitation-related illnesses kill over 840,000 people globally each year, a disproportionate number of whom are children under the age of 5.[11] This includes deaths from diarrhoeal disease caused by unsafe drinking water, inadequate water for hygiene and lack of adequate sanitation.[12] Neglected tropical diseases, such as rabies, dengue fever and Chagas disease, prevail in circumstances of inadequate sanitation and exposure to insects, domestic animals and livestock.[13] Cholera, caused by bacteria spread from food or water contaminated by human

[8] United Nations Children's Fund (UNICEF), *The State of the World's Children 2006* (New York, 2006).

[9] See, for example, Md Jasim Uddin and others, "Vulnerability of Bangladeshi street children to HIV/AIDS: a qualitative study", *BMC Public Health*, vol. 14, No. 1151 (2014). Available from http://bmcpublichealth.biomedcentral.com/articles/10.1186/1471-2458-14-1151.

[10] UNICEF, "A study on street children in Zimbabwe", 2001, available from www.unicef.org/evaldatabase/index_14411.html.

[11] Annette Prüss-Ustün and others, "Burden of disease from inadequate water, sanitation and hygiene in low- and middle-income settings: a retrospective analysis of data from 145 countries", *Tropical Medicine & International Health*, vol. 19, Issue 8 (August 2014), available from www.ncbi.nlm.nih.gov/pmc/articles/PMC4255749/.

[12] See World Health Organization (WHO) and UNICEF, *Progress on Sanitation and Drinking Water: 2015 Update and MDG Assessment* (Geneva, 2015). See also Annette Prüss-Ustün and others, "Burden of disease from inadequate water, sanitation and hygiene in low- and middle-income settings: a retrospective analysis of data from 145 countries", *Tropical Medicine and International Health*, vol. 19, No. 8 (August 2014), available from www.ncbi.nlm.nih.gov/pmc/articles/PMC4255749/.

[13] Over a billion people in 149 countries affected by neglected tropical diseases, see WHO, *Health in 2015, from MDGs to SDGs* (Geneva, 2015).

faeces is also commonplace and, without adequate, rapid and effective health care within a few hours, can cause death.[14]

C. Migration

17. There are approximately 232 million international migrants (Department of Economic and Social Affairs of the United Nations, 2013) and 740 million internal migrants (United Nations Development Programme, 2009) in the world today.[15] In many instances, migrants face discrimination and social exclusion in new communities, denying them access to a secure place to live. Migrants find themselves living in "first generation" informal settlements made up predominantly of recent arrivals, particularly in rapidly growing cities and megacities. These settlements tend to have the most deplorable conditions, lacking any official recognition by State authorities. Residents can be found living on a long-term basis in tents or other non-durable housing, with the constant threat of eviction, without adequate access to food or livelihoods and without any basic services, including water, sanitation, electricity and garbage collection. In Accra, Ghana, for example, a study revealed that 94 per cent of migrants in a settlement did not have toilet facilities.[16]

18. Migrants constitute the majority of construction workers for mega-sporting event projects, tending to live in labour camps with deplorable conditions, at the mercy of private contractors and developers. Amnesty International has documented the conditions in labour camps in Qatar, finding unsanitary, overcrowded accommodations subject to flooding because of poor drainage, and a lack of safety measures such as fire alarm systems or fire extinguishers. Workers have no opportunity to have their conditions redressed.[17] Migrant domestic workers have reported being forced to sleep in hallways, unprotected living spaces or closets of the homes in which they work.[18] In some developed countries public shelters have refused to accommodate migrants or will only do so for limited periods of time.[19] In these cases, migrants settle in slums, shacks and derelict or unfinished buildings.

D. Natural disasters

19. Since 2008, an average of 26.4 million people each year have been displaced by natural disasters, including mudslides, earthquakes, floods, typhoons and tsunamis. The likelihood of being displaced by a disaster today is 60 per cent higher

[14] See joint letter of allegation, case No. HTI 3/2014 and responses of 10/10/2014 and 25/11/2014, in document A/HRC/28/85; and joint letter of allegation, case No. OTH 7/2015, in document A/HRC/31/79.

[15] International Organization for Migration, *World Migration Report 2015: Migrants and Cities — New Partnerships to Manage Mobility* (Geneva, 2015).

[16] Ibid., p. 44.

[17] Amnesty International, "The ugly side of the beautiful game: exploitation of migrant workers on a Qatar 2022 World Cup site", 30 March 2016, available from www.amnesty.org/en/documents/mde22/3548/2016/en/.

[18] Human Rights Watch, "Domestic plight: how Jordanian laws, officials, employers and recruiters fail abused migrant domestic workers", 27 September 2011, available from www.hrw.org/report/2011/09/27/domestic-plight/how-jordanian-laws-officials-employers-and-recruiters-fail-abused.

[19] See joint urgent appeal, case No. NLD 1/2014, in document A/HRC/29/50.

than it was four decades ago. Not surprisingly, a key factor of vulnerability is rapid, unplanned and poorly governed urbanization.[20] The poorest and most precariously housed are disproportionately affected by natural disasters, often experiencing tragic consequences; they are also the least able to recover.

20. Post-disaster housing conditions leave security, dignity and life hanging in the balance. For example, two major earthquakes in Nepal in April/May 2015 affected a third of the country's population, damaging or destroying more than 712,000 houses and displacing over 2.6 million people. In November 2015, 200,000 households were still living in makeshift or temporary shelters, suffering without adequate food, or access to livelihoods, schools or other essential services. Monsoons and winter further compounded their acute situation. Many expressed deep concern at the absence of medium-term plans for resettlement, and fear of eviction.[21] In a post-disaster context, the destruction and lack of documentation proving land ownership or other forms of tenure mean that many, including single mothers, who are residents of informal settlements or who have complex tenure arrangements are unable to make claims to secure a place to live.[22]

E. Post-conflict situations

21. The indivisibility of the right to life and the right to housing is also heightened in situations of conflict, particularly where homes and residential areas are targeted. House demolitions, shelling and bombing in residential areas and the destruction of infrastructure (water, sewage and electricity systems, for example) are frequently used as acts of aggression in conflict situations, rendering entire areas unfit and inadequate for life. For example, in the 2014 incursion into Gaza, 160,000 housing units were destroyed or suffered major or minor damage.[23] Eighteen months after the war, the reconstruction or repair of the homes of 74 per cent of Palestinian families who were displaced had not even begun, leaving approximately 90,000 people displaced or homeless.[24]

F. Financial and housing crises

22. Unregulated real estate and land speculation, predatory mortgage lending and deregulated global flows of capital have resulted in economic crises in countries

[20] Norwegian Refugee Council and Internal Displacement Monitoring Centre, "Global estimates 2015: people displaced by disasters", 2015, p. 24.

[21] "Nepal: obstacles to protection and recovery", in Alexander Bilak and others, "Global report on internal displacement", (Geneva, Internal Displacement Monitoring Centre, 2016), available from www.internal-displacement.org/globalreport2016/.

[22] See also, reports of the former Special Rapporteur on adequate housing, A/66/270 and A/HRC/16/42.

[23] See the following from the Office for the Coordination of Humanitarian Affairs, Humanitarian Bulletin: Occupied Palestinian Territory, January 2016, available from http://reliefweb.int/sites/reliefweb.int/files/resources/ocha_opt_the_humanitarian_monitor_2016_01_05_english_0.pdf, "Gaza initial rapid assessment", 27 August 2014, available from http://gaza.ochaopt.org/2015/06/key-figures-on-the-2014-hostilities/#_ftn6.

[24] Office for the Coordination of Humanitarian Affairs, Humanitarian Bulletin: Occupied Palestinian Territory, January 2016, available from http://reliefweb.int/sites/reliefweb.int/files/resources/ocha_opt_the_humanitarian_monitor_2016_01_05_english_0.pdf.

around the world. The real estate "bubble" of the mid-1980s to 1990 in Japan, the financial crisis in Argentina in the 2000s and the 2007 mortgage crisis in many States, including the United States of America and several States in Western Europe, have all had devastating effects on low-income and poor households.

23. Japan has yet to recover and continues to see ever-growing numbers of homeless people.[25] Unemployment rates tripled in a 10-year period in Argentina, resulting in a large number of households being unable to pay their mortgages, rent or utility bills.[26] In Spain, Ireland and Greece, thousands of low-income and poor individuals suffered foreclosures or debt-related evictions and were thus forced out of their homes into encampments or into overcrowded accommodation with relatives and friends, or were left homeless. In these circumstances, increased suicide rates are not uncommon. In the United States, suicides spurred by severe housing stress — evictions and foreclosures — doubled between 2005 and 2010.[27] Europe also saw a 6.5 per cent increase in suicides between 2007 and 2011.[28] In States where social programmes were made available to those affected, similar spikes in suicide rates were not seen.[29]

G. Domestic violence

24. For women and children victims of domestic violence the home ceases to be the safe haven it is meant to be and becomes the most dangerous place, in some cases leading to their death.[30] Factors such as overcrowded residences, poor habitability and lack of accessible services (water, electricity and sanitation) increase the incidence of domestic violence. Many women in such situations are unable to remove the perpetrator from the house, owing to a lack of family, community and State supports. Further, many women are prevented from leaving violent situations because alternative housing and financial supports are unavailable. Those who do manage to leave home become vulnerable to homelessness and consequently may suffer further violence.

[25] Yoshihiro Okamoto and others, "Homelessness and housing in Japan", paper prepared for the Centre for Urban and Community Studies, Toronto, Canada, June 2004, available from www.urbancentre.utoronto.ca/pdfs/housingconference/Okamoto_et_al_Homelessness_.pdf.

[26] Comisión Económica para América Latina y el Caribe and UNICEF, "Efectos de la crisis en Argentina: las políticas del Estado y sus consecuencias para la infancia", documento de difusión, November 2006, available from www.unicef.org/argentina/spanish/Efectos_Crisis_en_Argentina_-_Documento_de_Difusion.pdf.

[27] Katherine A. Fowler and others, "Increase in suicides associated with home eviction and foreclosure during the United States housing crisis: findings from 16 national violent death reporting system States, 2005-2010", *American Journal of Public Health*, vol. 105, No. 2 (February 2015).

[28] Aaron Reeves, Martin McKee and David Stuckler, "Economic suicides in the Great Recession in Europe and North America", *The British Journal of Psychiatry*, vol. 205, No. 3 (September 2014).

[29] Ibid.

[30] See Inter-American Court on Human Rights, *Maria Da Penha vs Brazil*, 2001; see also www.corteidh.or.cr/tablas/r23765.pdf.

H. Independent living and institutionalization

25. There are numerous ways in which the housing conditions of people with disabilities collide with their right to live in dignity and security and to life itself. Independent living requires that persons with disabilities have a choice as to where and how they live.[31] The failure of States to provide the supports required for independent living has meant that people with disabilities often live in deplorable conditions. They may be compelled to live with family members in circumstances of abuse or isolation, where they may be ostracized by their communities. When living in informal settlements, they often have no access to sanitation facilities, or have to use facilities without adequate supports or equipment, putting them at risk of disease.[32] For those with limited mobility, lack of adequate supports results in their being virtual prisoners, trapped in their homes, a potentially lethal situation, particularly in natural disasters and emergencies.

26. Many people with disabilities live in institutions because community supports to ensure independent living are unavailable. Many are institutionalized without their consent. Conditions in such institutions are invariably overcrowded. Residents are often prevented from having outside social or family relations and, in some cases, are forced to remain in isolation cells for long periods (see A/HRC/28/37). In some countries, such as the Republic of Moldova (see A/HRC/31/62/Add.2, paras. 48-52 and 61-72), residents are "controlled" through the use of physical restraints and the administration of large doses of psychiatric medications and tranquilizers. Some residents are forced to sleep in locked "cage beds" (hospital beds turned into small cages). Violence is commonplace. Together, these conditions heighten the risk of death.[33]

III. Human rights law: the right to life and the right to housing

27. Lived experience illustrates that adequate housing, dignity, security and life are so closely intertwined as to be essentially inseparable. The same is true in international human rights law. The right to life cannot be separated from the right to a secure place to live, and the right to a secure place to live only has meaning in the context of a right to live in dignity and security, free of violence.

28. In its general comment No. 4 on the right to adequate housing, the Committee on Economic, Social and Cultural Rights rejected definitions of adequate housing that focused on physical shelter and instead adopted a definition linked directly to the right to life. The Committee stated the following:

> The right to housing should not be interpreted in a narrow or restrictive sense which equates it with, for example, the shelter provided by merely having a

[31] See Convention on the Rights of Persons with Disabilities, art. 19.

[32] See, for example, Aime Tsinda and others, "Challenges to achieving sustainable sanitation in informal settlements of Kigali, Rwanda", *International Journal of Environmental Research and Public Health*, vol. 10, No. 12 (December 2013).

[33] Luke Clements and Janet Read, eds., *Disabled People and the Right to Life: The Protection and Violation of Disabled People's Most Basic Human Rights* (Abingdon, United Kingdom, Routledge, 2008).

roof over one's head or views shelter exclusively as a commodity. Rather it should be seen as the right to live somewhere in security, peace and dignity.[34]

29. Similarly, the Human Rights Committee affirmed in its general comment No. 6 that the right to life is the "supreme right", which "should not be interpreted narrowly", and that it "cannot properly be understood in a restrictive manner, and the protection of this right requires that States adopt positive measures".[35] In periodic reviews, the Committee has noted the documented effects of homelessness on health and on life and has stated that the right to life requires the adoption of positive measures to address homelessness (see CCPR/C/79/Add.105).

30. In spite of the obvious convergence of the right to life and the right to adequate housing, the separation of these human rights in two covenants has tended to impoverish understanding of the interplay between the two rights. In order to conform with traditional notions of justiciable civil and political rights, violations of the right to life have been addressed primarily in cases where direct action or deliberate omissions by States have deprived or threatened to deprive individuals of life.

31. Failures of States to take positive measures to address systemic deprivations of the right to life tied to poverty, grossly inadequate housing and homelessness, as described in section II above, have not generally been addressed as violations. In this sense, the now rejected distinction between "first" and "second" generation rights, between justiciable rights and aspirational goals — a legacy of false dichotomies between the two covenants — has been perpetuated in the interpretation and application of the right to life as it intersects with the right to adequate housing.

32. With the assignment of the right to life to the International Covenant on Civil and Political Rights, the Human Rights Committee was charged with interpreting its universal meaning and clarifying State obligations to respect, protect and fulfil the right to life. Recent human rights treaties include the right to life as it applies to particular groups, specifically children, migrants and persons with disabilities. No doubt the interpretation of these provisions by treaty bodies will advance the understanding of the right to life in a manner that is informed by the lived experience of these different groups.[36] To date, however, only the Human Rights Committee has adopted a general comment on this right, and all of the substantive jurisprudence on the right to life at the international level adjudicating allegations of violations of the right to life has emerged from cases under the Optional Protocol to the International Covenant on Civil and Political Rights. In the light of this leading role, the Committee's jurisprudence requires considered attention.

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[34] Committee on Economic, Social and Cultural Rights, general comment No. 4 (1991), para. 7.

[35] Human Rights Committee, general comment No. 6 (1982), paras. 1 and 5, in HRI/GEN/1/Rev.1.

[36] Convention on the Rights of the Child, art. 6, International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, art. 9, and the Convention on the Rights of Persons with Disabilities, art. 10. The committees that monitor the implementation of these conventions can advance authoritative interpretations of the right to life for particular groups. In these treaties, the right to life has been framed broadly to ensure that States' positive obligations are recognized. In addition, the Committee on the Elimination of Racial Discrimination and the Committee on the Elimination of Discrimination against Women must assess compliance with States parties' obligations to ensure the equal enjoyment of fundamental rights, including the right to life.

33. The Committee's recognition in its general comment No. 6 and in periodic reviews that the right to life requires positive measures to address homelessness and poverty stands in marked contrast with the absence of consideration of these obligations in the Committee's consideration of alleged violations under the Optional Protocol.

34. In a few cases, the Committee has considered how homelessness creates a serious threat to life, health and personal integrity for individuals in vulnerable circumstances. Surprisingly, however, the Committee has been reluctant to engage with homelessness as a violation of the right to life. Instead it has found that State action leading to homelessness may constitute cruel and inhuman treatment, contrary to article 7 of the International Covenant on Civil and Political Rights, or unlawful interference with the home, contrary to article 17. While recognizing the interdependence of civil and political rights with the right to adequate housing, the Committee has largely confined this recognition to a traditional negative rights framework of treatment, punishment or interference and has not engaged with substantive obligations to address homelessness and inadequate housing as violations of the right to life.

35. *In A.H.G v. Canada*, the Committee considered the effect of deporting A.H.G, diagnosed with paranoid schizophrenia, to Jamaica, where he would be exposed to "a great risk of deterioration of his health condition, social exclusion, isolation and homelessness" (CCPR/C/113/D/2091/2011, para. 3.2). A.H.G alleged that deportation would violate the right to life (art. 6) and the right to freedom from cruel and inhuman treatment (art. 7). The Committee received evidence of inadequate housing and support services in Jamaica for persons with psychosocial disabilities and, tragically, after being deported, the author did in fact become homeless, living in an "open dump" (ibid., para. 5.8). Yet the Committee found the claim of a violation of the right to life "insufficiently substantiated" and therefore inadmissible. The Committee apparently applied, in the context of an individual communication, the narrow approach to the right to life that it had warned against in its general comment No. 6 by requiring evidence of a direct and intentional threat to the claimant's life. With respect to the right to be free from cruel, inhuman or degrading treatment, on the other hand, the Committee found a violation, affirming that the aim of article 7 is to protect both the dignity and the physical and mental integrity of the individual — an aim that equally could have been attributed to the right to life.

36. Similarly, in *Jasin v. Denmark* (see CCPR/C/114/D/2360/2014) the Committee considered the effects of homelessness in the context of a single mother facing deportation to Italy. Osman Jasin had fled for her life from a violent husband in Somalia and was rescued by the Italian Coastguard while crossing the Mediterranean. In Italy, she tried without success to find housing, lived in the street with her one-year-old daughter, sleeping in railway stations and marketplaces. Ms. Jasin and her daughter left Italy to seek asylum in the Netherlands, but were returned to Italy, where she again lived in the street with her two-year-old daughter, sleeping in railway stations during a pregnancy. She was denied medical assistance during the birth of her second child because she had no address. When she was unable to pay to renew her Italian residency permit, she travelled to Denmark. The Committee found that returning her and her children to Italy would constitute cruel and inhuman treatment because they would likely become homeless again.

37. The Committee's recognition in these cases that deportation into homelessness may constitute cruel and inhuman treatment or punishment, and that victims of homelessness in this context are entitled to a remedy, is significant. It is equally important, however, to ensure access to adjudication and remedy for those who experience the same deprivations of homelessness resulting from inaction or neglect within a State's own borders. In *A.H.G* and *Jasin*, the Committee considered the effects of widespread and systemic violations of the right to security and dignity. However, this consideration remained within the negative rights framework of prohibited "treatment" or "punishment". That framework is not conducive to hearing the substantive claim to a life of dignity, security and inclusion advanced by people with disabilities or women escaping violence, who do not see the fulfilment of their human rights merely as freedom from treatment or punishment but more fundamentally as a right to a place to live in dignity and security.

38. A similar paradox has emerged in the consideration under the International Covenant on Civil and Political Rights of homelessness resulting from evictions and the demolition of housing. The catastrophic effects of homelessness on the right to life have been addressed as human rights violations, but only in the context of interference with the home. States' positive obligations to address circumstances of grossly inadequate housing in order to protect and ensure the right to life have not been addressed. In *Georgopoulos et al. v. Greece* (see CCPR/C/99/D/1799/2008) the Committee considered the case of a Roma family living in a settlement with no access to electricity or sanitation and only two taps providing running water for the settlement. The settlement was described by the Prime Minister's Advisor on Quality of Life, as the worst in Greece and "an insult to our humanity" (ibid., para. 2.1). All attempts to improve the community's living conditions or to relocate the residents to a better settlement had been abandoned because of hostility towards the Roma. When the Georgopoulos family left their shed for a period of time to seek seasonal employment, municipal officials demolished it and prevented the construction of a replacement. The Committee held that the demolition of the authors' shed and the prevention of construction of a new home amounted to a violation of articles 17 (interference with the home), 23 (protection of the family) and 27 (right to enjoy one's culture).

39. In the context of article 17 of the International Covenant on Civil and Political Rights, prohibiting arbitrary or unlawful interference with privacy, family, home or correspondence, the Committee has recognized certain components of the right to adequate housing under the Covenant. It has found that a termination of tenancy rights due to an absence from the country is arbitrary and therefore contrary to article 17 (see CCPR/C/112/D/2068/2011) and that housing constructed without formal permission on municipal property should be recognized as a "home" and protected from unlawful interference (see CCPR/C/106/D/2073/2011). The Committee has also acknowledged the devastating consequences of eviction on families and communities and has stipulated that it should not be permitted if it will result in homelessness (ibid.). In a concurring opinion in the *Georgopoulos* case, a member of the Human Rights Committee, Fabián Salvioli, noted that the Committee's decision in that case recognized the principle of the interdependence and indivisibility of rights and was consistent with "the trend in contemporary international human rights law away from the fictitious and artificial division of rights into 'categories'" (CCPR/C/99/D/1799/2008, para. 3).

40. Yet the negative rights framework in which the Human Rights Committee has articulated the convergence between rights in the International Covenant on Civil and Political Rights and the right to adequate housing continues to restrict State accountability to situations where homelessness results from State action such as deportation or eviction. It allows States to ignore, with impunity, their obligations to address living conditions such as those in the Roma settlement in the *Georgopoulos* case, described as "an insult to our humanity". This means that a child rendered homeless by deportation or eviction is considered a victim of a violation of rights and entitled to an effective remedy, but a child born into the same circumstances of homelessness may not be. It is critical, therefore, that violations not be restricted to circumstances of direct "interference". Those whose right to life is denied by conditions of socioeconomic deprivation must also be entitled to effective remedies.

41. A refusal to hear, adjudicate and provide remedies for the category of claims to the right to life arising from systemic deprivations such as homelessness has immense consequences extending beyond the United Nations treaty monitoring system. It reinforces a negative rights practice which continues to deny access to justice for many of the most serious violations of the right to life in many jurisdictions. Often, the negative rights framework limits the types of cases for which victims are likely to have access to legal counsel, affects the kinds of arguments that lawyers are likely to advance, determines the cases courts are likely to hear and limits the remedies that might be sought and granted.

42. The negative rights framework structures political and public responses to homelessness and inadequate housing as well. When systemic homelessness and grossly inadequate housing are not considered human rights violations by courts and are not given equal attention by international human rights funders, the media, non-governmental organizations and human rights institutions, it is difficult to prompt rights-based responses at the political or societal levels. On the other hand, when courts and human rights bodies truly engage with the lived experience of those who are without homes or decent housing, this can create a mobilizing effect for rights-based advocacy in the political realm.

IV. Towards a more inclusive understanding of the right to life and the right to adequate housing

A. Draft general comment No. 36 of the Human Rights Committee on the right to life

43. The drafting by the Human Rights Committee of a new general comment (No. 36) on the right to life provides an important opportunity to reaffirm a commitment to a more inclusive understanding of the right to life. The Committee received submissions from many civil society organizations as well as from former Special Rapporteurs emphasizing the indivisibility and interdependence of the right to life with the rights to adequate housing, food, health and other economic, social and cultural rights and affirming the need for positive measures to address systemic

violations.[37] The Committee also generously set aside time to meet with the Special Rapporteur to discuss the particular relationship between the right to life and the right to adequate housing.[38]

44. The Committee's preliminary draft general comment No. 36, of October 2015, includes components that could lay the foundation for a renewed commitment to the more expansive approach and the recognition of positive obligations that was affirmed in the Committee's general comment No. 6 on the right to life. For example, the draft reaffirms that article 6 imposes obligations to adopt strategies and programmes — components of which would be longer-term — to address extreme poverty, homelessness and other systemic deprivations of the right to life. It recognizes that the right to life includes the "right to a dignified life", referring to the famous decision of the Inter-American Court on the right to life of children in street situations.[39] The draft directs States to "aim to facilitate and promote adequate conditions for a dignified existence for all individuals".

45. However, these advances towards a more inclusive paradigm are negated in other parts of the draft comment. The draft states that although article 6 imposes both short-term and long-term obligations, claims under the Optional Protocol to the Covenant can only invoke the former. Communications would be restricted to circumstances where the right to life is directly violated by acts or omissions of States, or where there is an imminent prospect of a direct violation. In other words, the draft bifurcates the right to life into two categories: justiciable rights and unenforceable policy aspirations. These restrictions would limit access to adjudication and effective remedies for those whose right to life has been violated by systemic patterns of neglect that require longer-term strategies and programmes.

B. Other treaty bodies

46. Other treaty monitoring bodies can also play a critical role in elaborating a more inclusive understanding of the right to life. The Committee on Economic, Social and Cultural Rights, for example, is responsible for interpreting and applying the right to adequate housing and other rights in the International Covenant on Economic, Social and Rights as indivisible from and interdependent with the right to life. In its general comment No. 7 on forced evictions, the Committee noted that evictions may violate the right to life[40] and in periodic reviews it has made important contributions to an understanding of the interplay between the right to adequate housing and the right to life.

47. Of particular note is the recognition by the Committee on Economic, Social and Cultural Rights that the implementation of the right to adequate housing in domestic law often relies on courts and governments recognizing that the right to life is indivisible from the right to housing and other socioeconomic rights. The

[37] Several contributions from an economic, social and cultural rights perspective by former Special Rapporteurs on the right to housing, health, water and sanitation, food and extreme poverty, and by non-governmental organizations, available from www.ohchr.org/EN/HRBodies/CCPR/Pages/WCRightToLife.aspx.

[38] Informal meeting, Geneva, 11 July 2016.

[39] Inter-American Court of Human Rights, *Case of the "Street Children" (Villagrán-Morales et al.) v. Guatemala*, judgment of 19 November 1999, para. 144.

[40] Committee on Economic, Social and Cultural Rights, general comment No. 7 (1997), para. 4.

Committee has emphasized that, in circumstances where the right to adequate housing does not enjoy explicit constitutional protection but the right to life does, governments and courts are obliged to interpret the right to life so as to ensure access to effective remedies for Covenant rights (see E/C.12/CAN/CO/6, paras. 5 and 6).

48. The Committee on Economic, Social and Cultural Rights has implicitly relied on the interdependence of the right to life and the right to adequate housing to identify deprivations of rights that must be addressed on a priority basis. The Committee has applied the concept of the "minimum core content" of rights, introduced in its general comment No. 3, to identify "minimum essential levels" of Covenant rights, such as essential foodstuffs or basic shelter. The Committee has stated that in circumstances of systemic deprivations of these essential levels, the State is "prima facie, failing to discharge its obligations under the Covenant".

49. The concept of "minimum core content" has engendered considerable debate and discussion.[41] Some courts have expressed doubts about its practical implementation.[42] Yet there is general agreement that where significant numbers of people are denied basic requirements of life, such violations demand urgent responses. In the Special Rapporteur's view, an emphasis on the intersection of the right to life and the right to adequate housing in order to identify needs that must be addressed on an urgent basis would help to clarify State obligations to address the most serious deprivations, even in circumstances of scarce resources. Such an approach does not require attempting to define universally applicable minimum requirements of adequate housing and would rely instead on a contextual assessment of lived experience in relation to core human rights values.

50. Under article 6 of the Convention on the Rights of the Child, States parties recognize the inherent right to life of every child and the obligation to ensure to the maximum extent possible the survival and development of the child. The chair of the drafting committee for the Convention explained this unique provision by noting that, while the approach to the right to life in other conventions was more negative, the committee's approach should be positive and take into account economic, social and cultural conditions.[43]

51. In its periodic reviews, the Committee on the Rights of the Child has linked the rights to life, survival and development to the right to adequate housing and to protection of children from evictions, particularly if they may lead to homelessness (see CRC/C/IDN/CO/3-4).[44] The Committee has also addressed the particular vulnerability to violations of the right to life and the high suicide rate of children in street situations (see CRC/C/FJI/CO/2-4). The Committee has identified the right to

[41] Sandra Liebenberg, "Socioeconomic rights: revisiting the reasonableness review/minimum core debate", in Stu Woolman and Michael Bishop, eds., *Constitutional Conversations* (Pretoria University Law Press, 2008).

[42] Constitutional Court of South Africa, *Minister of Health and Others v. Treatment Action Campaign and Others*, judgment of 5 July 2002.

[43] Sharon Detrick, *A Commentary on the United Nations Convention on the Rights of the Child* (The Hague, the Netherlands, Martinus Nijhoff Publishers, 1999).

[44] CRC/C/IDN/CO/3-4.

life as a key provision in the draft general comment on children in street situations.[45]

52. The right to life and dignity are core values informing the Convention on the Rights of Persons with Disabilities. Article 3 indicates that the purpose of the Convention is to promote respect for the inherent dignity of person with disabilities. Article 10 makes specific reference to positive obligations with respect to the right to life. It provides that States parties reaffirm that every human being has the inherent right to life and shall take all necessary measures to ensure its effective enjoyment by persons with disabilities on an equal basis with others. All of the articles in the Convention must be interpreted in a manner consistent with those core values, including article 9 (accessibility), article 11 (situations of risk and humanitarian emergencies), article 19 (living independently and being included in the community) and article 28 (Adequate standard of living and social protection).

53. The Committee on the Rights of Persons with Disabilities has only started to grapple with communications addressing issues of grossly inadequate housing, lack of support for community living, institutionalization and lack of accessible housing which characterize the housing circumstances of millions of people with disabilities. In its periodic reviews, however, the Committee has emphasized the importance of States' obligations to take positive steps to implement inclusive, effective strategies to realize the right to housing and social protection and to address the particular issues affecting women, migrants and young people with disabilities.

54. Article 9 of the International Convention on the Protection of the Rights of Migrant Workers and Members of Their Families affirms that the right to life of migrant workers and members of their families shall be protected by law. The Committee on the Rights of Migrant Workers drew attention to violations of the right to life in the context of forced evictions of migrants from a public park in Buenos Aires which resulted in two deaths (see CMW/C/ARG/CO/1, para. 19).

55. The Committee on the Elimination of Discrimination against Women has had the opportunity to consider in its jurisprudence the obligation of States parties to address threats to women linked to lack of housing. In *Ms. A.T. v. Hungary*, the Committee considered the circumstances of a woman with two children who was viciously beaten by her husband and who feared for her life. She was unable to move to a shelter because there were no spaces available to accommodate her child, who had a disability. The domestic courts refused to grant A.T. possession of her home, in consideration of the property rights of her husband. The Committee held that women's human rights to life and to physical and mental integrity could not be superseded by other rights, including the right to property and the right to privacy. The Committee recommended that Hungary take positive measures to remedy the situation of A.T., to ensure better protection for women more generally and to ensure that A.T. was given a safe home in which to live with her children, as well as child support, legal assistance and reparation for the violations of her rights.[46]

56. Another rich source for understanding the right to life and the right to adequate housing in international human rights law is article 7 of the United Nations

[45] Committee on the Rights of the Child, "Outline general comment on children in street situations" available from www.ohchr.org/EN/HRBodies/CRC/Pages/ChildrenInStreetSituations.aspx.

[46] Committee on the Elimination of Discrimination against Women, communication No. 2/2003, *Ms. A. T. v. Hungary*, 26 January 2005.

Declaration on the Rights of Indigenous Peoples. It affirms that indigenous individuals "have the rights to life, physical and mental integrity, liberty and security of person" and that indigenous peoples have "the collective right to live in freedom, peace and security as distinct peoples". The development and application of these rights has the potential to enhance the understanding of the social dimensions of the right to life and the interplay between the collective and individual dimensions of that right; it may also prompt a response to violations of rights to lands, territories or resources.

C. Regional jurisprudence

57. Through its jurisprudence over the past two decades, the Inter-American Court of Human Rights has developed the concept of *vida digna* (the right to a dignified life) in the context of article 4 (right to life) of the American Convention on Human Rights. This concept was first referenced in the Court's landmark decision in *"Street Children" (Villagrán Morales et al.) v. Guatemala*,[39] and is, perhaps, nowhere else more eloquently articulated:

> The right to life is a fundamental human right, and the exercise of this right is essential for the exercise of all other human rights. If it is not respected, all rights lack meaning. Owing to the fundamental nature of the right to life, restrictive approaches to it are inadmissible. In essence, the fundamental right to life includes not only the right of every human being not to be deprived of his life arbitrarily, but also the right that he will not be prevented from having access to the conditions that guarantee a dignified existence. States have the obligation to guarantee the creation of the conditions required in order that violations of this basic right do not occur and, in particular, the duty to prevent its agents from violating it.

58. The Court has applied the *vida digna* principle in a number of other contexts, including indigenous peoples' claims to their ancestral lands. For example, in *Sawhoyamaxa v. Paraguay*, an indigenous community was displaced from its lands and left to live on the side of a road. Without access to adequate housing and basic services, including potable water, sanitation and health care, many died of preventable illnesses associated with displacement and homelessness. The court found a violation of the right to life in the light of the physical conditions in which the members of the Sawhoyamaxa Community had been living, and still lived as well as the death of several persons due to those conditions.[47]

59. Similar approaches have been adopted in the African system. In the Pretoria Declaration on Economic, Social and Cultural Rights States parties to the African Charter on Human and Peoples' Rights agreed that socioeconomic rights, including the right to housing, must be read into the Charter in the light of references to the right to life, stating:

> The social, economic and cultural rights explicitly provided for under the African Charter, read together with other rights in the Charter, such as the right to life and respect for inherent human dignity, imply the recognition of

[47] Inter-American Court of Human Rights, *Case of the Sawhoyamaxa Indigenous Community v. Paraguay*, judgment of 29 March 2006.

other economic and social rights, including the right to shelter, the right to basic nutrition and the right to social security.[48]

The Pretoria Declaration drew on the decision of the African Commission on Human and Peoples' Rights in the case of *Social and Economic Rights Action Center and Center for Economic and Social Rights v. Nigeria*. The Commission found that environmental degradation had "made living in Ogoniland a nightmare" and that destruction of land and farms "affected the life of the Ogoni society as a whole". The Commission concluded that "the most fundamental of all human rights, the right to life, has been violated".[49]

60. The European Committee of Social Rights has consistently emphasized that the "right to shelter is closely connected to the right to life and to the right to respect of every person's human dignity".[50] In this context, it has not only addressed violations of rights linked to State action, such as evictions, but has issued far-reaching decisions regarding systemic violations and affirmed obligations to develop and implement national strategies and legislation to address homelessness and inadequate housing.[51]

61. The European Court of Human Rights has adopted a somewhat more restrictive approach to the right to life. This may be attributable to the fact that it is bound by the wording of article 2 of the European Convention on Human Rights, which refers to deprivations of the right to life which are intentional and suggests that the provision primarily addresses the use of force by the State. Even within these confines, however, the Court has affirmed that article 2 ranks as one of the most fundamental provisions in the Convention and "enjoins the State not only to refrain from the intentional and unlawful taking of life, but also to take appropriate steps to safeguard the lives of those within its jurisdiction".[52] In the case of *Öneryıldız v Turkey*[53] the Court found that the failure of the authorities to do everything within their power to protect inhabitants of an informal settlement near a garbage dump from the immediate and known risk of a methane gas explosion gave rise to a violation of the right to life.

D. Domestic jurisprudence

62. Experiences at the domestic level suggest that the right to adequate housing is most effectively claimed and adjudicated when it is linked to the right to life and

[48] African Commission on Human and Peoples' Rights, Pretoria Declaration on Economic, Social and Cultural Rights in Africa (2004), para. 10.

[49] African Commission on Human Rights and People's Rights, *Social and Economic Rights Action Center and Center for Economic and Social Rights v. Nigeria*, 27 October 2001, para. 67.

[50] European Committee of Social Rights, *European Roma and Travellers Forum v. France*, complaint No. 64/2011, decision on the merits, 24 January 2012, para. 126, and *Conference of European Churches (CEC) v. Netherlands*, complaint No. 90/2013, 21 January 2013.

[51] See, for example, European Committee of Social Rights, *European Federation of National Organisations Working with the Homeless (FEANTSA) v. France*, complaint No. 39/2006, decision on admissibility, 19 March 2007, and *European Roma Rights Centre v. Bulgaria*, complaint No. 31/2005, decision on the merits, 18 October 2006.

[52] European Court of Human Rights, *Case of L.C.B. v. the United Kingdom* (14/1997/798/1001), judgment of 9 June 1998, para. 36.

[53] European Court of Human Rights, *Öneryildiz v. Turkey*, application No. 48939/99, judgment of 30 November 2004.

other core human rights principles. Even in jurisdictions in which the right to adequate housing is recognized as a self-standing right, the effective claiming and adjudication of this right has usually relied on recognition of its inherent connection to dignity and to the right to life. The Constitutional Court of South Africa, for example, abandoned a deferential approach to adjudication and committed itself to assessing the reasonableness of positive measures taken by governments when it was confronted with the "intolerable conditions" in which Irene Grootboom and her community were living (under plastic tarpaulins on a sports field with no water or sanitation), which were in stark contrast to the constitutional values of dignity, equality and freedom.[54]

63. Despite the fact that the Constitution of India separates the right to life as a justiciable right from the right to housing as a policy directive, the Supreme Court of India recognized the impossibility of separating the two rights as early as 1981, stating:

> The right to life includes the right to live with human dignity and all that goes along with it, namely, the bare necessaries of life such as adequate nutrition, clothing and shelter and facilities for reading, writing and expressing oneself in diverse forms, freely moving about and mixing and commingling with fellow human beings.[55]

This case was followed by a number of crucial decisions, including in the *Olga Tellis* case, in which it was explicitly recognized that the right to livelihood forms an integral part of the right to life; the *Shantistar Builders Society* case, in which it was held that the right to life "would take within its sweep ... a reasonable accommodation to live in";[56] and *Chameli Singh v. State of U.P.*, in which the state's obligations under the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Political Rights were considered and it was noted that "[the] right to shelter when used as an essential requisite to the right to live should be deemed to have been guaranteed as a fundamental right".[57]

64. There is a unique quality of empathy, humanity and commitment to justice in some of the judgments of the Supreme Court of India, as it has engaged directly with the lived realities of claimants in order to consider whether their right to life has been violated. By interpreting the right to life as including the right to housing, courts have responded to social movements and at the same time have acted as a catalyst for political inclusion. Those judgments are striking for their ability to bring to life the central ambition of the Charter of the United Nations, the Universal Declaration of Human Rights and the Vienna Declaration and Programme of Action.

65. The new Constitution of Kenya (2010) includes both the right to life and the right to accessible and adequate housing as justiciable rights. Kenyan courts have affirmed an integrated understanding of the relationship between the two rights under the new Constitution. In the *Garissa* case, for example, a claim was filed on

[54] Constitutional Court of South Africa, *Government of the Republic of South Africa and Others v. Grootboom and Others*, judgment of 4 October 2000.

[55] Supreme Court of India, *Francis Coralie Mullins v. the Administrator, Union Territory of Delhi and Others*, judgment of 13 January 1981.

[56] Supreme Court of India, *Shantistar Builders v. Narayan Khimalal Totame*, (1990) 1 SCC 520, para. 9.

[57] Supreme Court of India, *Chameli Singh v. State of U.P.*, 1996 (2) SCC 549, judgment of 15 December 1995.

behalf of 1,122 people who were brutally evicted from land they had occupied since the 1940s. The High Court observed that the Constitution of Kenya recognizes all human rights as justiciable, noting that "people living without the basic necessities of life are deprived of human dignity, freedom and equality".[58] The court found that the evictions violated the rights to life and to adequate housing and issued an injunction compelling the State to return the claimants to their land and to reconstruct their homes or provide alternative housing and other facilities. Similarly, in the *Santrose Ayuma* case, another large-scale eviction, the High Court found that evictions carried out without meaningful engagement with those affected and without provision of alternative shelter violated the rights to life and to adequate housing. The court insisted that resettlement plans be consistent with the right to a dignified life.[59]

66. The Constitutional Court of Colombia has also made significant advances in the understanding of the connection between the right to life and the right to adequate housing. In its historic T-025 decision on the constitutional obligation to address the needs of internally displaced persons, the Constitutional Court affirmed that the right to life requires positive measures, many of which can only be implemented over a period of time, to address the needs of internally displaced persons in the fields of housing, access to productive projects, health care, education and humanitarian aid.[60]

V. The way forward: conclusions and strategic recommendations

67. Advances in the understanding of the right to life and the right to adequate housing by regional bodies and domestic courts provide a solid platform for a reunified approach to these rights at the international level, consistent with the principles of universality, indivisibility and interdependence. More importantly, rights holders living the connection between the right to life and the right to adequate housing must have their claims heard and responded to. The international human rights system must lead, not resist, the move towards a more inclusive understanding of these rights.

68. The starting point for understanding the scope of the right to life should be what rights holders are entitled to, not the cause of the deprivation. Homelessness and grossly inadequate housing may be the result of actions leading to eviction and deportation, but equally may result from inaction — a failure to address long-term systemic patterns of social exclusion and deprivation. Nevertheless, the deprivation experienced is essentially the same: preventable illnesses, a shortened lifespan and deprivation of dignity and security.

[58] High Court of Kenya, *Ibrahim Sangor Osman and Others v. the Hon. Minister of State for Provincial Administration and Internal Security and Others*, constitutional petition No. 2 of 2011, judgment of 16 November 2011.

[59] High Court of Kenya, *Satrose Ayuma and Others v. the Registered Trustees of the Kenya Railways Staff Retirement Benefits Scheme and Others*, petition No. 65 of 2010, judgment of 26 August 2013.

[60] Constitutional Court of Colombia, decision T-025 of 2004, available in Spanish from www.corteconstitucional.gov.co/relatoria/2004/t-025-04.htm.

69. Assessing whether States have violated rights in these circumstances does not only mean considering whether actions of States caused a deprivation of life but also, and more fundamentally, whether there are actions which States can reasonably be expected to take to address such deprivations. Some violations of the rights to life and adequate housing may be subject to immediate remedy; others may require longer-term solutions but, regardless, access to justice must be ensured and the rights to life and adequate housing must be realized.

70. The narrowing of the right to life to a negative rights framework has deprived millions of already disadvantaged individuals of the full protection of this core right. In many domestic contexts the right to housing may not be enshrined in law and cannot be claimed directly, whereas the right to life appears in most constitutions. In this context, a narrow interpretation of the right to life may prevent someone who is homeless or suffering severe housing inadequacy from making any human rights claim whatsoever. On the other hand, where the right to adequate housing is explicitly protected as a self-standing constitutional right, it is more effectively enforced by courts when connected to the right to life. Making this connection allows courts to better assess whether adequate resources have been allocated and reasonable measures taken in accordance with core human rights values.

71. Fifty years after the separation of international human rights into the two covenants, the United Nations is well situated to retrieve a unified and inclusive understanding of human rights and to affirm that the right to life includes the right to a place to live in dignity and security, free of violence. The Human Rights Committee has the opportunity to affirm this integrated understanding of the right to life in the ongoing preparation of its general comment No. 36. The Committee on Economic, Social and Cultural Rights has the opportunity under its Optional Protocol to highlight the connection between the rights to life and adequate housing in lived experience. Other treaty monitoring bodies have the opportunity to ensure that the understanding of the rights to life and adequate housing is informed by the experiences and unique claims of people with disabilities, women, children, migrants, racial minorities and indigenous peoples, among others.

72. The true reunification of the right to life and the right to adequate housing, however, can only be accomplished by a global response, led by States, including their legislatures and courts, by human rights institutions and by civil society.

73. States must address issues of inadequate housing and homelessness and name them as core human rights issues linked to the right to life — in domestic law and policy and in international initiatives, including the 2030 Agenda for Sustainable Development and the New Urban Agenda. States must also conduct a thorough examination of legislation, court practice and public policies to ensure that the right to life is not restricted to a negative rights framework. States must formally recognize that the right to life includes the right to a place to live in dignity and security, free of violence, and ensure access to justice for all victims of violations of the right to life, including those linked to homelessness and inadequate housing. Governments must ensure the effective integration of housing policy and social protection with human rights frameworks, mechanisms and institutions, so that housing policy is properly

framed around the implementation of core human rights obligations, and access to effective remedies is incorporated in programme design and implementation.

74. **National human rights institutions should jointly commit themselves to renouncing the false division between categories of rights and review their mandates and programmes to ensure that full attention is given to violations of the right to life linked to socioeconomic deprivation, including homelessness and inadequate housing.**

75. **Human rights organizations and human rights funders should conduct audits of their priorities and programmes to assess whether adequate attention and resources have been provided to those whose right to life and right to housing have been violated. More attention should be paid to an assessment of whether States have taken reasonable measures to respond to systemic violations of the right to housing and the right to life. Strategic litigation and other initiatives should be developed and funded to advance, on a systematic basis, better recognition, advancement and protection of the rights claims of those living in extreme poverty and in grossly inadequate housing, or who are homeless.**

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Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development

Follow-up to the International Conferences on Financing for Development

Report of the Secretary-General**

Summary

The present report, submitted pursuant to General Assembly resolution 70/192, provides an overview of steps taken towards the implementation of and follow-up to the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Following a scene-setting introduction, the report describes main developments since the Addis Conference concerning cross-cutting issues, the action areas specified in the Addis Agenda, and on data, monitoring and follow-up.

* A/71/150.

** The present report was prepared in consultation with staff of the major institutional stakeholders involved in the financing for development process. Responsibility for its contents, however, rests solely with the United Nations Secretariat.

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I. Introduction

1. The Addis Ababa Action Agenda provides a foundation to support the implementation of the 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals. It constitutes an important step forward in reinvigorating and strengthening the United Nations financing for development follow-up process. The present report, submitted pursuant to General Assembly resolution 70/192, focuses on steps to implement the international agreements on financing for development that have been taken since the adoption of the Addis Ababa Action Agenda at the conclusion of the third International Conference on Financing for Development, held in Addis Ababa from 13 to 16 July 2015.

2. At the heart of a reinvigorated financing for development process is the newly established annual Economic and Social Council forum on financing for development follow-up. The forum, which met for the first time from 18 to 20 April 2016, is one of three important international forums established in the Addis Agenda. Its meeting was preceded by the inaugural Global Infrastructure Forum held in Washington, D.C., on 16 April 2016. The third institutional innovation, the multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals, held its initial meeting on 6 and 7 June 2016.

3. The inaugural financing for development forum brought together a large number of high-level participants, including 17 Ministers and Vice-Ministers and 29 senior officials from 19 international organizations. The heads of all major institutional stakeholders of the financing for development process participated and there was strong representation of civil society and the private sector. Its intergovernmentally agreed conclusions and recommendations (a) affirm strong commitment to the full and timely implementation of the financing for development outcomes; (b) recognize the close link between the Addis Ababa Agenda and the 2030 Agenda; (c) welcome the three-pronged approach set out in the report of the Inter-Agency Task Force (see below); and (d) call for timely agreement on the modalities of future financing for development forums.

4. To support the deliberations on the financing for development outcomes and the means of implementation of the Sustainable Development Goals at the financing for development forum and the High-level Political Forum on Sustainable Development, the Addis Agenda encouraged the Secretary-General to establish an inter-agency task force to report annually on progress in implementation. The Task Force, which is coordinated by the Financing for Development Office of the Department of Economic and Social Affairs in close collaboration with the major institutional stakeholders of the financing for development process, includes more than 50 United Nations agencies, as well as other relevant actors, such as the Financial Stability Board and the Organization for Economic Cooperation and Development (OECD). The Task Force's inaugural report, which was published in March 2016,[1] presents a monitoring framework for assessing progress in implementation of the Addis Agenda and the means of implementation of the Sustainable Development Goals.[2]

[1] www.un.org/esa/ffd/wp-content/uploads/2016/03/Report_IATF-2016-full.pdf.

[2] Report of the inaugural session of the Economic and Social Council forum on financing for development follow-up (E/FFDF/2016/3), sect. I.

5. The present report complements that of the Task Force by providing an initial assessment of progress and by reviewing early experiences and other steps taken recently in the follow-up to and implementation of the outcomes of the International Conferences on Financing for Development, as requested by the General Assembly in resolution 70/192. It continues the series of annual reports of the Secretary-General on progress in implementation of the financing for development outcomes since the adoption of the Monterrey Consensus of the International Conference on Financing for Development in 2002. The 2016 report follows the chapters of the Addis Agenda, in line with the report of the Task Force. Given the limited space allotted, what follows is unavoidably incomplete. Nevertheless, it intends to give the reader a sense of recent developments, the range of actions being undertaken, and the spirit of cooperation at the policymaking level and across the United Nations system in the financing for development follow-up process.

6. In future years, when annual Task Force reports will comprehensively cover the implementation of the financing for development outcomes and the means of implementation of the Sustainable Development Goals, the present report will build on the outcomes of the financing for development forum and the High-level Political Forum, and could include thematic focus areas for priority review for the Task Force, and key questions to address by the international community to stay on track in implementing the financing for development outcomes for the follow-up and review cycle of the subsequent year.

II. Cross-cutting issues

7. The Addis Agenda contains several cross-cutting initiatives that build on the synergies of the Sustainable Development Goals and address gaps in their delivery, including: (a) social protection and essential public services for all; (b) ending hunger and malnutrition; (c) a forum to bridge the infrastructure gap; (d) inclusive and sustainable industrialization; (e) full and productive employment and decent work for all; (f) protecting ecosystems; (g) peaceful and inclusive societies; (h) gender equality and the empowerment of women and girls; (i) children and youth; (j) countries in special situations; and (k) the global partnership for sustainable development.

8. A direct outcome of the Addis Agenda was the successful launch of the Global Infrastructure Forum on 16 April during the 2016 Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group. The Forum was co-hosted by the multilateral development banks, including both established and new institutions, in close cooperation with the United Nations. It brought together, for the first time, the heads of all of the development banks and the United Nations Secretary-General, to talk about infrastructure. At the conclusion of the Forum, the multilateral development banks agreed to improve their alignment and cooperation, including by taking steps to improve data and information, promote compatible and efficient approaches, strengthen project preparation, and promote financing for infrastructure. They also set forth the next steps for the Forum, including that the responsibility for hosting it will rotate among the multilateral development banks, in close cooperation with the United Nations system, and report back to the financing for development Forum.[3]

[3] www.worldbank.org/en/topic/publicprivatepartnerships/brief/chairmans-statement-global-infrastructure-forum-2016.

9. Actions on other cross-cutting issues during the past year included steps to strengthen the social compact put forth in the Addis Agenda. The International Labour Organization (ILO) and the World Bank initiated a joint programme aimed at realizing universal social protection, making it available to all people in all countries.[4] Among other relevant steps taken, the European Union launched, in September 2015, a three-year Social Protection Systems Programme to assist 10 low- and middle-income countries to build sustainable and inclusive social protection systems.[5]

10. The first World Humanitarian Summit, held in Istanbul, Turkey on 23 and 24 May 2016, pertained to a number of the cross-cutting issues (see sect. II.C below). On 27 and 28 May 2016, the United Nations undertook the Midterm Review of the Istanbul Programme of Action for the Least Developed Countries, which reaffirmed donor commitments to reverse the decline in official development assistance (ODA) and increase "aid for trade" in particular to those countries. Of note, also, is that in January 2016, the Secretary-General announced the formation of the first-ever High-level Panel on Women's Economic Empowerment to provide thought leadership and mobilize concrete actions aimed at closing economic gender gaps.

11. A fuller accounting of developments regarding these and other cross-cutting issues, such as updates from the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be held from 17 to 20 October 2016 in Quito, will be contained in the 2017 report of the Inter-Agency Task Force.

III. Action areas

A. Domestic public resources

12. Domestic public finance is a central component of financing the Sustainable Development Goals, as well as the social compact of the Addis Agenda. There is no single target for public revenue as a per cent of gross domestic product (GDP) that would be appropriate to all countries: potential differs, as do the views of governments on the appropriate level of taxation. There is increasing evidence, however, that it is hard to secure lasting growth with a tax ratio less than 15 per cent. The median tax ratio in low-income countries was around 13 per cent in 2013, with under 40 per cent of low-income countries having ratios below 15 per cent.[6]

13. One focus of the heightened attention on tax matters is on improving comparable and timely international data on tax revenues. In April 2016, IMF, OECD, the Intra-European Organisation of Tax Administrations and the Inter-American Centre of Tax Administrations launched the new International Survey on Revenue Administration to provide comparable information on tax administration in more than

[4] ILO and the World Bank Group, "A shared mission for universal social protection: concept note" (www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/genericdocument/wcms_378996.pdf).

[5] www.oecd.org/dev/inclusivesocietiesanddevelopment/social-protection.htm.

[6] This paragraph was drawn from the IMF, OECD, the Department of Economic and Social Affairs and World Bank Group Inter-Agency Task Force Issue Brief: www.un.org/esa/ffd/wp-content/uploads/2016/01/The-Platform-for-Collaboration-on-Tax_IMF-OECD-UN-WBG_IATF-Issue-Brief.pdf.

150 countries. This new dataset may be useful in highlighting where major challenges remain in many countries, be it in underresourcing, poor technology implementation, misallocation of funds, or weak capacities.

14. To ensure coherence among international organizations working on tax issues, IMF, OECD, the United Nations, and the World Bank Group have agreed to form a joint platform for collaboration on tax matters, to enable them to develop a common approach, deliver joint outputs, and respond to requests for a global dialogue on tax matters, including in the area of capacity-building and technical assistance.[7]

15. The international community is taking additional steps to enhance taxation capacities, strengthen anti-money-laundering measures, and arrange mutual legal assistance and the exchange of information between countries. The Addis Tax Initiative, which was announced during the Addis Conference, included a commitment by donors to double their support for capacity-building for taxation and revenue mobilization. Their first report, expected to be available by the end of 2016,[8] will draw on a new and narrower category of data that the OECD Development Assistance Committee (DAC) adopted in March 2016 to track donor assistance on domestic revenue mobilization in developing countries.[9] In addition, the joint project of OECD and the United Nations Development Programme (UNDP), called Tax Inspectors without Borders, which was also launched at the Addis Conference, initiated a number of projects aimed at building tax audit capacities in 2016.

16. Two major challenges in mobilizing domestic revenues are in reducing tax evasion and closing opportunities for tax avoidance. In October 2015, OECD conservatively estimated the global size of a major form of corporate tax evasion and avoidance, known as "base erosion and profit shifting" at between $100 billion and $240 billion. The report confirmed that profit shifting was occurring, was significant in scale and likely to be increasing, and created adverse economic distortions.[10]

17. The OECD Action Plan on base erosion and profit shifting was endorsed by the leaders of the Group of 20 (G20) at their November 2015 summit. The base erosion and profit shifting package includes guidance in 11 substantive areas, including on how multinational enterprises may allocate profits derived from intellectual property, accounting of management fees, and on other intra-group service provision charges, which have been used to shift profits to shell companies in low-tax or no-tax jurisdictions. OECD subsequently launched a framework on base erosion and profit shifting implementation, which included 83 countries as at July 2016. It seeks to ensure implementation of minimum standards arising from the base erosion and profit shifting Action Plan — on harmful tax practices, tax treaty abuses, country-by-country reporting, and dispute resolution mechanisms — which will be subject to a peer review process.

[7] www.un.org/esa/ffd/wp-content/uploads/2016/04/concept-note-platform-for-collaboration-on-tax.pdf.

[8] www.addistaxinitiative.net/documents/Addis-Tax-Initiative_Monitoring-Note_EN.pdf.

[9] Adjusting CRS Classifications in Light of the SDGs — Next Steps, DCD/DAC/STAT(2016)25, http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/STAT(2016)25&docLanguage=En.

[10] OECD, *Measuring and Monitoring BEPS, Action 11 — 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, Paris (http://dx.doi.org/10.1787/9789264241343-en).

18. The Addis Agenda called for further measures to strengthen international tax cooperation, including through the work of the United Nations Committee of Experts on International Cooperation in Tax Matters. At its meeting in October 2015, the Committee established two new subcommittees on taxation of royalties and on dispute avoidance and resolution. In addition, the Committee is considering which aspects of the base erosion and profit shifting Action Plan to bring into the forthcoming revision of the United Nations Model Double Taxation Convention. To strengthen the effectiveness and operational capacity of the Committee, Governments agreed in the Addis Agenda to increase the frequency of the Committee's meetings from a total of five days per year in one session to eight days per year in two sessions.

19. Another dimension of international transparency concerns the exchange of information among national tax authorities. The Global Forum on Transparency and Exchange of Information for Tax Purposes now has 134 member countries and jurisdictions, while the Multilateral Competent Authority Agreements on the Common Reporting Standard has 95 signatories.[11]

20. The Addis Agenda also emphasized the importance of aligning government expenditure with sustainable development, for example, committing to rationalize inefficient fossil-fuel subsidies. According to a study released by IMF after the Addis Ababa conference, the global cost of energy subsidies had reached $4.2 trillion by 2013, though with international energy prices having fallen, the effective subsidy has since declined, at least temporarily.[12] In 2009, the G20 countries committed to rationalize and phase out inefficient fossil fuel subsidies by 2020. While a G20 energy ministers' summit in June 2016 emphasized positive progress and cited peer reviews in five members, they did not agree to a joint timetable for full implementation.[13]

B. Domestic and international private business and finance

21. The Addis Agenda emphasizes that business investment and innovation are major drivers of productivity growth, employment and structural transformation. It is thus disappointing that as of mid-2016, capital investment appears to be depressed in all major developed and developing economies.[14] Furthermore, cross-border private capital flows to developing countries turned sharply negative in 2015.

22. While there is a clear correlation between investment and growth, it remains important to distinguish between capital formation and ownership changes, long-term and short-term investment, and between investments that do and do not support sustainable development.

23. Direct investment, including foreign direct investment (FDI), has the potential to advance sustainable development. FDI to developing countries reached a new high of $765 billion in 2015; however, FDI flows are expected to fall by 10 to

[11] For additional details, see the report of the Secretary-General on the international financial system and development (A/71/312).

[12] www.imf.org/external/pubs/ft/wp/2015/wp15105.pdf.

[13] https://g20.org/wp-content/uploads/2015/10/Communiqu---G20-Energy-Ministers-Meeting.pdf.

[14] United Nations, *World Economic Situation and Prospects: Update as of mid-2016* (www.un.org/en/development/desa/policy/wesp/wesp_current/2016wesp_update.pdf), p. 13.

15 per cent in 2016.[15] In addition, not all FDI has the same developmental impact. Greenfield investment tends to have a greater impact on jobs and development than other forms of FDI, but the increase in global FDI in 2016 was principally driven by a surge in cross-border mergers and acquisitions.[16]

24. Portfolio flows to developing countries, which are in large part intermediated by institutional investors and cross-border bank lending, remained volatile, with developing countries experiencing outflows of $363 billion of portfolio flows in 2015. Outflows of other investments, including cross-border bank lending, are expected to reach $676 billion in 2016.[17]

25. The Addis Agenda emphasizes the importance of long-term financing for sustainable development. It reiterates the emphasis on the importance of the enabling business environment for investment, but goes further to note that even with an enabling environment, markets may provide insufficient financing in sectors important for sustainable development. This typically happens when market prices do not reflect the full economic cost of environmental and social externalities, or when social returns exceed private returns but the risk-adjusted financial returns are not sufficient to attract adequate private investment. It is thus the responsibility of policy to set appropriate incentives, including through taxes and subsidies that change relative prices, regulations that guide behaviour, and risk-sharing instruments, including co-investments, public-private partnerships, and guarantees.

26. In particular, there has been much policy interest in increasing the participation of institutional investors with long-term liabilities, such as pension and mutual funds, in "buy and hold" investing in long-term assets. However, as noted above, institutional investors are a primary contributor to the short-term orientation and volatility of portfolio flows. For example, pension funds investing in the 19 largest country markets hold around 76 per cent of their portfolios in liquid assets.[18] Nonetheless, there has been a significant shift in asset allocation over the past decades in those markets towards more illiquid investments (such as real estate, private equity, hedge funds and infrastructure), increasing from around 5 per cent of their total portfolios in 1995 to 24 per cent in 2012. This shift in part reflects the "search for yield" in the current low interest rate environment, which would make it temporary and could imply a reversal of investor interest in these asset classes when interest rates fall; but it may also reflect structural changes and better alignment of investor assets and liabilities.

27. At the same time, there has been a growing effort by pension funds to integrate environmental, social and governance factors into their portfolio selections. There has also been an increase in environmental, social and governance reporting and disclosure, which is critical to the success of such measures. A recent study found that there were almost 400 sustainability reporting instruments in 64 countries in 2016, up from 180 instruments in 44 countries in 2013.[19] In over 80 per cent of countries studied, governments had implemented some type of regulatory sustainability reporting instrument. Around two thirds of the instruments were

[15] http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf.
[16] http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf.
[17] Department of Economic and Social Affairs calculations based on IMF *World Economic Outlook* data.
[18] www.willistowerswatson.com/en/insights/2016/02/global-pensions-asset-study-2016.
[19] www.carrotsandsticks.net/wp-content/uploads/2016/05/Carrots-Sticks-2016.pdf.

mandatory, and one third voluntary. Stock exchange and financial market regulators accounted for almost one third of all sustainability reporting instruments. Nonetheless, many regulations are not standardized, and it is unclear to which extent reporting has changed behaviour. In addition, as noted in the Addis Agenda, reporting and incentive changes are needed for the full array of actors along the investment chain.

28. As a step towards harmonization, the G20 requested the Financial Stability Board to establish a Task Force on Climate-related Financial Disclosures. The Task Force is developing recommendations for consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders that it will report to the Financial Stability Board in December 2016. While the standards will be voluntary, it is widely appreciated by observers that to scale up impact, consideration should be given to integrating proposed standards into the accounting rules and regulations that govern corporate reporting, particularly in the major financial centres of the world.

29. The Addis Agenda also noted the potential in blended finance and public-private partnerships, while emphasizing that careful consideration must be given to the appropriate structure and use of blended finance instruments, and that projects should be structured to share risks and reward fairly, be transparent, include clear accountability mechanisms and meet social and environmental standards. The Agenda commits Member States to holding inclusive, open and transparent discussions when developing guidelines and model documentation for the use of public-private partnerships. Important initiatives have been under way in different forums in developing principles for public-private partnerships and for sharing knowledge. The need remains to pull together these various initiatives in a coherent and inclusive manner.

30. The Addis Agenda also stresses the role of financial inclusion in poverty eradication and sustainable development. The 2011 Maya Declaration is a set of commitments to financial inclusion made by developing and emerging market financial regulators and policymakers. By 2016, 57 national authorities had made commitments related to the Maya Declaration, with quantified targets ranging from account usage to availability of services.[20] In about half of the countries included in a Bank for International Settlements survey, the prudential banking supervisor has a formal or working definition of financial inclusion.[21]

C. International development cooperation

31. Recognizing the important role that international public finance and development cooperation play in financing sustainable development, the Addis Agenda contains a range of commitments and actions to increase mobilization of ODA, as well as South-South cooperation, and other concessional and non-concessional international public financing. It also aims to increase their sustainable development impact and effectiveness.

32. DAC member countries provided $131.6 billion of ODA in 2015, representing an increase of 6.9 per cent in constant prices and exchange rates ("real terms") over

[20] http://www.afi-global.org/sites/default/files/publications/2015_maya_report_rev.1_low_res.pdf.
[21] www.bis.org/bcbs/publ/d310.pdf.

2014, although the overall ratio of ODA to gross national income (GNI) of DAC members remained constant at 0.3 per cent. Six countries — Denmark, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom of Great Britain and Northern Ireland — met or exceeded the United Nations target of providing ODA equivalent to 0.7 per cent of GNI. ODA played a major part in supporting the immediate response to the refugee crisis. Excluding aid devoted to refugees — in particular, in-country costs of assisting refugees in donor countries — ODA increased by 1.7 per cent in real terms.

33. The Addis Agenda also addressed the need for coherence of developmental and humanitarian finance. Global funding reported to the Financial Tracking Service of the Office for Coordination of Humanitarian Affairs of the Secretariat, which includes all public and private international humanitarian aid, reached $17 billion in 2015.[22] However, this level of funding is not viewed as sufficient to address rapidly increasing global needs. At the same time, allocating an increasing share of ODA for emergency responses risks diverting resources from long-term investments in sustainable development.

34. At the first World Humanitarian Summit in Istanbul, Turkey in May 2016, commitments were made to increase resources for humanitarian action, including by increasing the Central Emergency Response Fund to $1 billion, which will provide additional resources for an immediate humanitarian response in case of natural disasters and armed conflict. In addition, as of June 2016, 18 donor agencies and 19 international agencies had adopted a "grand bargain" launched at the Summit containing 51 recommendations on more efficient, transparent, accountable and effective work.[23]

35. Reflecting a priority set out in the Addis Agenda, preliminary figures indicate that ODA to the poorest countries increased in 2015 for the first time in several years. Bilateral aid to the least developed countries rose by 4 per cent in real terms in 2015 from the previous year, amounting to $25 billion.[24] While the data for 2015 is not yet available, ODA from DAC members to least developed countries in 2014 was $41 billion or 0.09 per cent of GNI, significantly below the United Nations targets of 0.15-0.20 per cent. Denmark, Finland, Luxembourg, Norway, Sweden and the United Kingdom provided ODA to least developed countries in excess of 0.2 per cent of their GNI, while Belgium and Ireland provided between 0.15 and 0.2 per cent. The 2015 data will reflect the recent rise in ODA to least developed countries, and the OECD survey of donor spending plans through 2019 suggests that ODA flows to least developed countries will continue to rise.[25]

36. The Addis Agenda appreciated the South-South cooperation as an increasingly important element of international development cooperation. While comprehensive data are not available, the Department of Economic and Social Affairs estimates that concessional South-South cooperation may have exceeded $20 billion in 2013 and

[22] Office for the Coordination of Humanitarian Affairs, 2015, Global Humanitarian Overview 2016, www.unocha.org/2016appeal/.

[23] Office for the Coordination of Humanitarian Affairs, Global Humanitarian Overview 2016, June status report, available from www.unocha.org/stateofaid/assets/2016GHO_MYR.pdf.

[24] See: OECD, 2016, "Development aid in 2015 continues to grow despite costs for in-donor refugees", available from www.oecd.org/dac/stats/ODA-2015-detailed-summary.pdf.

[25] See: www.oecd.org/dac/financing-sustainable-development/global-aid-prospects-and-projections.htm.

may have further increased in 2014, owing to a scale-up by Saudi Arabia.[26] OECD, which estimates "ODA-like" flows from countries that are not members of DAC, arrived at a comparable figure of $23.5 billion in 2013.[27]

37. The share of development assistance allocated to least developed countries by development assistance providers that are not members of DAC but report to it varies significantly from year to year, but was below 10 per cent on average between 2005 and 2014, and thus lower than for DAC members, which allocated around a third of their ODA to least developed countries.[28] Recently, several large South-South cooperation providers, including some that do not report to DAC, such as China, have committed to expand their cooperation with least developed countries.[29]

38. The Addis Agenda invited the multilateral development banks and other international development finance institutions to continue providing both concessional and non-concessional stable, long-term development finance to support the 2030 Agenda. It encouraged the multilateral development banks to update and develop their policies in support of the Sustainable Development Goals and make "optimal use" of their resources and balance sheets. The G20 put forth a similar call in their Antalya Summit Leaders' communiqué in November 2015. In response, multilateral development banks have undertaken a number of actions. Five institutions with regional concentrations of loans have collaborated in establishing a framework for exchanging loans in order to further diversify their portfolios. The institutions are also evaluating options for reducing risk exposure in their loans and investments with private partners.

39. After their formal establishment in 2015, the New Development Bank and the Asian Infrastructure Investment Bank initiated their first lending and held their first annual meetings in 2016. The New Development Bank approved over $800 million in investments in the first half of 2016, while the Asian Infrastructure Investment Bank approved over $500 million for four projects in the same period.

40. The Addis Agenda also sought to increase the transparency of international development cooperation, including official outlays that do not qualify as ODA. DAC is considering a new statistical measure, called Total Official Support for Sustainable Development (TOSSD), which would include all officially supported resource flows to promote sustainable development at developing country, regional and global levels where the majority of benefits are destined for developing countries, including those resources that support development enablers or address global challenges.[30] In addition to ODA, it could thus include non-concessional

[26] The estimates include concessional loans and grants, as well as debt relief and technical cooperation provided within the South for development purposes (see E/2016/65).

[27] Estimates of gross flows, including countries that report to DAC and estimates from published national sources for countries that do not (such as Brazil, China and India). See: OECD, "Providers of development co-operation beyond the DAC: Trends and profiles", available from www.oecd-ilibrary.org/development/development-co-operation-report-2015/providers-of-development-co-operation-beyond-the-dac-trends-and-profiles_dcr-2015-55-en;jsessionid=67h2usmmhiai2.x-oecd-live-02.

[28] Department of Economic and Social Affairs calculations based on OECD data.

[29] See United Nations, 2016, "Review of Progress made in implementing the Buenos Aires Plan of Action" (SSC/19/1).

[30] TOSSD Compendium, available from www.oecd.org/dac/financing-sustainable-development/TOSSD%20Compendium2016.pdf.

official flows and flows addressing global public goods. It could also include in its statistics the volume of private finance "mobilized" by official interventions, on the assumption that those private flows would not have materialized without public support. The Addis Agenda had called for open and inclusive discussions on TOSSD. In this context, OECD has published a TOSSD Compendium[31] for public consultation, which was also discussed by the Inter-Agency Task Force in an internal technical discussion in July.

41. In the Addis Agenda, Member States reaffirmed their commitment to improve the quality, impact and effectiveness of their development cooperation. Both the 2030 Agenda and the Addis Agenda emphasize the importance of national implementation strategies, to which development cooperation efforts must be aligned. Two intergovernmental forums regularly monitor effectiveness and work to improve it. At the United Nations, the Development Cooperation Forum of the Economic and Social Council focuses its biennial discussion in part on the results of a periodic Secretariat survey of "mutual accountability". The fourth global survey, presented at the fifth High-level Development Cooperation Forum on 21 and 22 July 2016 in New York, found that few incentives existed for development partners to align with the policies and systems of developing countries. This notwithstanding, 86 per cent of the 58 respondent countries have institutional structures for dialogue, such as national development cooperation forums, which were said to help build trust among stakeholders, advance negotiations on development cooperation, align it with national policymaking and promote knowledge-sharing.[32] The second forum, the Global Partnership for Effective Development Cooperation, assesses adherence of aid providers and recipients to the principles of effective development cooperation that had been adopted at the Fourth High-level Forum on Aid Effectiveness at Busan, Republic of Korea in 2011. The Global Partnership will hold its second high-level meeting from 28 November to 1 December 2016 in Nairobi, when progress in implementing the principles will be reported and discussed.

42. The Addis Agenda also encouraged consideration of climate and disaster resilience in development financing. Subsequently, Member States decided in Paris in December 2015 at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change that developed countries would extend from 2020 to 2025 their goal of jointly mobilizing $100 billion a year in funding from a wide variety of sources. They also agreed that, prior to 2025, the Conference of the Parties would set a new aggregate goal, viewing the $100 billion per year as a floor. Governments also agreed to establish an enhanced transparency framework for monitoring climate action and support, including on financial cooperation. This would improve the ability to track progress against countries' commitments on mitigation, adaptation and support. All countries would be required to report biennially, with developed countries required to include information on financial and technology transfer and capacity-building support provided to developing country parties. This reporting would be subject to technical expert review, and the Conference of the Parties would develop guidelines for accounting, reporting and verification by 2018.

43. While it is recognized that the "greening" of development finance can lead to multiple benefits across the three dimensions of sustainable development, there are

[31] www.oecd.org/dac/financing-sustainable-development/tossd-public-consultation.htm.

[32] See E/2016/65, para. 52.

also concerns about additionality of climate and development finance. Climate finance remains tilted towards mitigation activities, which benefits donor and recipient countries alike, and international assistance targeting global carbon emissions has been heavily concentrated in middle-income countries. The challenge for international development cooperation is to meet the large financing needs for climate mitigation while at the same time assuring that sufficient development finance remains available for the poorest countries.

D. International trade as an engine for development

44. International trade is an important engine for inclusive economic growth and poverty reduction. With supporting policies, infrastructure and an educated work force, trade can contribute to achieving the Sustainable Development Goals. Developing countries have sharply increased their participation in global trade since 2000, reaching over 40 per cent in 2015. In many low-income countries, exports of goods and services account for 50 per cent or more of their GDP. However, the volume of world exports has grown by less than 3 per cent per year since 2012. World commodity prices remain weak, creating economic stress in many commodity-exporting developing countries.[33]

45. Slow global growth challenges Member States to maintain their political commitment to open markets. According to the latest report of the World Trade Organization (WTO) on trade-related developments, from mid-October 2015 to mid-May 2016, WTO members applied 154 new trade-restrictive measures, amounting to 22 new measures per month, bringing the total number of restrictive measures still in place today to 2,127.[34]

46. At the tenth Ministerial Conference of WTO, held in December 2015 in Nairobi, members reaffirmed the pre-eminence of WTO as the global forum for the setting of trade rules and governance. The Nairobi Ministerial Declaration contains a commitment by all members to advance negotiations on the remaining Doha issues. It acknowledges that this work shall maintain development at its centre and that provisions for special and differential treatment shall remain integral. Nevertheless, WTO members have different views on how to address the negotiations.

47. WTO Ministers reached an important decision on export competition in Nairobi, which aims to eliminate export subsidies and establish new rules relating to export credits, international food aid and exporting by state trading enterprises. The decision should help to level the playing field in agriculture, aiding farmers in many developing countries, including least developed countries. The most recent valuation by OECD of export subsidies in the European Union found that they were worth 437 million euros in 2010, dramatically down from around 10 billion euros in the early 1990s. However, the agreement did not address domestic support to agriculture and market access issues, which means that there remains work to be done to eliminate all restrictions and distortions in agricultural markets.

[33] See United Nations, *World Economic Situation and Prospects, Update as of mid-2016*, op. cit.

[34] WTO, "Report on G20 trade measures, mid-October 2015 to mid-May 2016", Geneva, 21 June 2016 (www.wto.org/english/news_e/news16_e/trdev_22jul16_e.htm).

48. Almost half of world trade takes place between countries that have signed regional trade agreements with one another (based on data of 2014). Virtually all countries belong to at least one regional trade agreement, although some countries are more active in forming bilateral and regional trade agreements than others. In February 2016, 12 nations, accounting for 40 per cent of gross world product, signed the Trans-Pacific Partnership agreement, but ratification is pending. Negotiations are also ongoing between the European Union and the United States of America on the Transatlantic Trade and Investment Partnership. The Nairobi Ministerial Declaration instructs the Committee on Regional Trade Agreements to discuss the systemic implications of regional trade agreements for the multilateral trading system and its relationship with WTO rules.

49. The Addis Agenda acknowledged that bilateral and regional investment treaties embodied a challenge when it stated, "The goal of protecting and encouraging investment should not affect our ability to pursue public policy objectives". The World Investment Forum, held at the time of the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD) in Nairobi in July 2016, included a consultation with chief negotiators of these agreements, representatives of international organizations and civil society on policy reform options. UNCTAD will continue development of its road map for reform of international investment agreements.[35]

E. Debt and debt sustainability

50. Global debt increased by $57 trillion between 2007 and the second quarter of 2014, with average (public and private) external debt of developing countries rising from 22.7 per cent in 2007 to around 25.6 per cent of GDP in 2015.[36] Average public debt-to-GDP ratios in a sample of 74 low-income countries have risen modestly to levels broadly similar to those of 2007. Nonetheless, the risk of sovereign debt crises has fallen for low-income countries as a group. The share of low-income countries classified by IMF and the World Bank as at high risk of debt distress or in distress declined from 43 per cent in 2007 to 29 per cent in 2015.[37] However, public debt-to-GDP ratios have continued to rise in small States, reflecting sizeable fiscal deficits and generally sluggish growth.[38] At the same time, emerging market corporate debt has risen from $4 trillion in 2004 to well over $16 trillion in 2014.[39]

51. The staff of IMF and the World Bank are currently reviewing the debt sustainability framework for low-income countries, taking into account the changing financing landscape and less favourable external conditions.[40] Technical assistance to strengthen debt management capacity continues to be provided by

[35] See UNCTAD, *World Investment Report, 2015* (United Nations publication, Sales No. E.15.II.D.5).

[36] Calculations based on data from the IMF World Economic Outlook Database.

[37] International Monetary Fund-The World Bank (2015), "Public Debt Vulnerabilities in Low-Income Countries: the Evolving Landscape". See www.imf.org/external/pp/longres.aspx?id=5004. List of country assessments: www.imf.org/external/pubs/ft/dsa/dsalist.pdf.

[38] International Monetary Fund (2015), "Macroeconomic Developments and Selected Issues in Small Developing States". See www.imf.org/external/np/pp/eng/2015/030915.pdf.

[39] IMF (2015) *Global Financial Stability Report: Vulnerabilities, Legacies, and Policy Challenges*.

[40] IMF last reformed the framework for market-access countries in 2011, which was implemented, though, in 2014.

these institutions, UNCTAD, through its Debt Management and Financial Analysis System (DMFAS), the Commonwealth Secretariat, and other bodies.

52. The UNCTAD DMFAS will start collecting data on the use and implementation of some of the UNCTAD principles on responsible borrowing and lending across its coverage of developing countries from 2017.

53. Moreover, in response to the invitation in the Addis Agenda to create a central data registry that would include information on debt restructurings, IMF has been collecting information on recent sovereign debt restructurings as part of its review of debtor-creditor engagement in sovereign debt restructurings and its "Lending-into-Arrears" policy. Both reviews are expected to be completed by early 2017.

54. Reforms to strengthen the effectiveness of sovereign debt contracts have been introduced in recent years. In 2014, IMF endorsed key features of collective action and pari-passu clauses in international sovereign bond contracts to reduce their vulnerability to hold out creditors in case of a debt restructuring. IMF estimated in September 2015 that over 60 per cent of new issuances of sovereign bonds (in nominal principal terms) included clauses consistent with the new recommendations.[41] While this should facilitate future debt restructurings, the stock of outstanding bonds without enhanced collective action clauses, estimated at around $915 billion, leaves risks for disorderly debt workouts in the coming years. In July 2016, G20 Finance Ministers called upon IMF to explore and report on the cost and feasibility of incorporating enhanced clauses in the existing stock of sovereign debts.[42]

55. Additional reforms have been introduced since the Addis Conference. In December 2015, IMF revised its policy on lending into arrears to official bilateral creditors. The revised policy encourages official bilateral creditors to reach agreement through the Paris Club or other representative forums, consistent with the parameters of the IMF programme. If a representative agreement cannot be reached and creditor consent is not in place, IMF can still consider lending into arrears owed to official bilateral creditors under carefully circumscribed circumstances.[43] The revised policy is expected to strengthen incentives for collective action among official bilateral creditors and promote more efficient resolution of sovereign debt crises. Preliminary evidence suggests that the policy is promoting dialogue between member countries and their official bilateral creditors.

56. Furthermore, in January 2016, IMF approved an important reform of its policy on large-scale financing in order to make its lending framework more flexible and efficient in preventing and resolving sovereign debt crises. The reform removed the "systemic exemption" that was created in 2010 and proved to be ineffective in resolving debt crises or preventing contagion. It also introduced a less disruptive option for debt operations ("debt reprofiling", i.e., a short extension of maturities falling due during the IMF programme, generally without a reduction in principal or coupons) for country members requesting large-scale financing and whose debt is assessed to be sustainable but not with high probability.[44]

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[41] International Monetary Fund (2015), "Progress Report on Inclusion of Enhanced Contractual Provisions in International Sovereign Bond Contracts". See www.imf.org/external/np/pp/eng/2015/091715.pdf.

[42] Communiqué of G20 Finance Ministers and Central Bank Governors, Chengdu, China.

[43] International Monetary Fund (2015), "Reforming the Fund's Policy on Non-Toleration of Arrears to Official Creditors". See www.imf.org/external/np/pp/eng/2015/101515.pdf.

[44] See www.imf.org/external/np/sec/pr/2016/pr1631.htm and www.imf.org/en/News/Articles/2015/09/28/04/53/sopol012916a.

57. The issue of creditor-debtor engagement is under consideration at IMF in the context of its lending into arrears policy, as well as in other forums. However, the take-up of the international capital markets association's proposed clause to make creditor committees a provision in bond contracts has been weak, and past restructurings show that creditor committees can always be formed without a contractual provision and that their usefulness depends on the composition of debt. The Department of Economic and Social Affairs has set up a study group to look into the problems in debtor creditor engagement and examine options for moving forward.

F. Addressing systemic issues[45]

58. The Addis Agenda reflects Monterrey's emphasis on the importance of coherence and consistency of the international financial, monetary and trading systems, but it goes further to integrate the three dimensions of sustainable development into the coherence agenda, including environmental and social issues, such as the international movement of people. The Economic and Social Council Forum on financing for development follow-up was created to facilitate such coherence discussions among Member States, international institutions and policy experts in consultation with other relevant stakeholders.

59. In the Addis Agenda, governments also reiterated their commitment to strengthen the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance. In an important development, the IMF quota and governance reforms, agreed to in 2010, became effective in January 2016. Another round of reform, which was originally to be completed by January 2014, has been targeted for agreement by the 2017 Annual Meetings of IMF. The World Bank also concluded a shareholding review in 2015, and agreed upon a road map for adopting a dynamic formula for shareholding by the 2016 Annual Meetings and consideration of a selective capital increase to accomplish shareholding realignment in 2017, with a decision by the 2017 Annual Meetings.

60. Strengthening international financial regulation is one crucial way to reduce risks in the international financial system. The financial regulatory agenda of policy changes agreed at the Financial Stability Board is nearing completion. However, the agreed regulatory reforms for financial institutions and markets have been given long lead-in times and thus many elements of the package are still being implemented.

61. The development and implementation of international financial regulation would also benefit from greater representation of and participation by developing countries in international financial regulatory bodies. The Addis Agenda invited the Basel Committee on Banking Supervision and other main international regulatory bodies to continue efforts to increase the voice of developing countries in norm-setting processes.

62. The Addis Agenda made clear the necessarily broad scope of "systemic" issues by including paragraphs on migration, violence and terrorism. The imperative of

[45] For a detailed discussion on systemic issues, see the report of the Secretary-General on the international financial system and development (A/71/312).

international cooperation to ensure safe, orderly and regular migration has been heightened by recent events, which have led to the convening of the Summit for Refugees and Migrants on 19 September 2016. The Summit will be the starting point of a two-year process to strengthen global cooperation, culminating in new global compacts on refugees and on migration to be adopted during an intergovernmental conference in 2018. The Addis Agenda recognized the positive contribution of migrants for inclusive growth and sustainable development in countries of origin, transit and destination. Indeed, an inclusive global society needs to allow for the movement of people, albeit in an appropriately managed manner. One requirement for this is timely and quality data, including data on the human development of migrants disaggregated by legal status. Appropriate management will also require systematic information on migration policies; in this regard, the International Organization for Migration and the Department of Economic and Social Affairs are developing one or more indicators for the global monitoring of target 10.7.2 calling for "well-managed migration policies".

G. Science, technology, innovation and capacity-building

63. By adding science, technology, innovation and capacity-building as a new action area in the Addis Ababa Action Agenda, Member States stressed its importance for sustainable development and economic growth. The Addis Agenda notes with concern the uneven innovative capacity, connectivity and access to and ability to use technology within and between countries. Accordingly, Member States committed to addressing these inequalities, incentivize research and innovation and promote greater access to technologies through domestic policy and international cooperation.

64. An illustration of the challenge may be seen in the continued inequalities in use of information technology. The International Telecommunications Union estimates that 4 billion persons in developing countries are offline. In least developed countries, less than 10 per cent of the population uses the Internet.[46] In addition, the Internet user penetration rate in 2015 was about 11 per cent lower for women than for men, with even bigger gaps observed in developing countries (15 per cent) and least developed countries (29 per cent).[47] Substantial divides persist between urban and rural areas in many countries.[48]

65. In the Addis Agenda, Member States committed to considering setting up innovation funds to support innovative enterprises, particularly during research, development and demonstration phases. Several such funds have been established, both before and after the Addis Conference. The Government of Viet Nam set up the National Technology Innovation Foundation with starting capital of $46 million in 2015.[49] The Government of Peru added a fund to promote innovation of micro-, small- and medium-sized enterprises to its existing innovation fund portfolio.[50] The

[46] International Telecommunication Union, Measuring the Information Society Report 2015, 2015.

[47] Report of the Secretary-General on progress towards the Sustainable Development Goals (E/2016/75).

[48] Report of the Secretary-General on progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society (A/71/67).

[49] www.vista.gov.vn/UserPages/News/detail/tabid/73/newsid/11069/seo/Launching-the-National-Technology-Innovation-Fund/language/en-US/Default.aspx.

[50] www.innovateperu.gob.pe/historia.

Indonesian Science Fund, which aims to strengthen Indonesia's capacity in science and technological innovation, was legally established in February 2016.[51]

66. One of the major outcomes of the Addis Agenda was the decision to establish a Technology Facilitation Mechanism, comprising three elements: (a) an inter-agency task team on science, technology and innovation for the Sustainable Development Goals, which met for the first time in March 2016, with a supporting group of 10 eminent representatives from civil society, the private sector and the scientific community; (b) an online platform, which is in the planning stage and will provide an overview of science, technology and innovation initiatives and promote matching of technology supply and demand; and (c) a multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals.

67. The first science, technology and innovation forum was held on 6 and 7 June 2016 in New York. Participants discussed the mobilization of science, technology and innovation for the Sustainable Development Goals, options for strengthening science, technology and innovation capacity and literacy, policy coherence, and the role of international cooperation in strengthening science, technology and innovation, among other issues.[52] In the forthcoming years, the forum should strengthen the dialogue between governments and other stakeholders by exchanging ideas and building new partnerships and initiatives.

68. In the Addis Agenda, Member States also looked forward to the recommendations of the Secretary-General's High-level Panel on the Technology Bank for the least developed countries. In September 2015, the Panel presented its report to the Secretary-General, highlighting the bank's potential to strengthen national capabilities, support negotiated agreements and provide expertise to the least developed countries. The Panel stressed that the establishment of the technology bank was both feasible and necessary. The General Assembly requested the Secretary-General to take the steps necessary to launch and operationalize the technology bank by 2017. As per another Panel recommendation, the Secretary-General appointed, in May 2016, a 13-member Governing Council, which will become the bank's governing body. In addition, the Secretary-General has set up an interim trust fund for the preparatory phase of the technology bank, which will comprise two units: a science, technology and innovation support mechanism and an intellectual property bank.

69. Capacity-building is an integral part of the global partnership for sustainable development and has been a part of the financing for development process since the Monterrey Consensus. In addition to the overarching commitment as part of the chapter on science, technology, innovation and capacity-building, the Addis Agenda contains detailed commitments to capacity-building in each of its seven action areas. In 2014, net ODA provided for capacity-building and national planning amounted to $23 billion.[53]

[51] www.dipi.id/en/about-us/.

[52] See "Multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals: summary by the Co-Chairs", Note by the President of the Economic and Social Council (E/HLPF/2016/6).

[53] Report of the Secretary-General on progress towards the Sustainable Development Goals (E/2016/75).

IV. Data, monitoring and follow-up

70. The United Nations Statistical Commission led a considerable effort in the past year on developing a set of indicators for measuring progress in reaching the targets of the Sustainable Development Goals.[54] In its session in March 2016, the Commission agreed to a proposal by the Inter-Agency and Expert Group on the development of a global indicator framework for the goals and targets of the 2030 Agenda. The Commission also decided that all estimates used for the compilation of global indicators for the Sustainable Development Goals would be produced in full consultation with national statistical offices.

71. The Statistical Commission noted that improvements to the framework would be made as warranted. Thus far, a tier system has been agreed on, with tier I including indicators with an established methodology and data widely available; tier II including indicators with an established methodology but insufficient data coverage; and tier III including indicators for which a methodology is still being developed.

72. The Statistical Commission, together with the High-level Group for Partnership, Coordination and Capacity-building for Statistics for the 2030 Agenda for Sustainable Development, is expected to regularly assess data availability for the Sustainable Development Goal indicators and their adequacy and comparability, as well as foster statistical capacity-building. The fourth meeting of the Expert Group will be held in October 2016 in Addis Ababa.

73. There are also plans for a new global data initiative in the form of the first United Nations World Data Forum, to be held in Cape Town, South Africa in January 2017. The forum will serve as a platform for increasing data cooperation for sustainable development, with participation of a wide range of stakeholders, including information technology professionals, geospatial information managers, data scientists, users and civil society.

74. In the area of financing for development and the means of implementation of the Sustainable Development Goals, the first report of the Inter-Agency Task Force on financing for development detailed a monitoring framework, including availability and quality of relevant data and other methods of monitoring, such as qualitative and contextual analysis and case studies.[55] The outcome document of the financing for development Forum endorsed a three-pronged approach for its future reports, including (a) discussion of the global context and its implications for financing for development follow-up; (b) an overview of each chapter of the Addis Agenda, with more detailed reporting contained in an online annex; and (c) analyses of thematic issues. As an initial step towards its 2017 report, members of the Task Force have also prepared issue briefs on their areas of expertise.[56]

75. Inter-Agency Task Force reports will draw upon the statistical indicators that are being developed by the Statistical Commission, while also providing contextual analysis on the means of implementation and addressing progress on the additional commitments in the Addis Agenda. As the Addis Agenda includes a number of requests for further analytical work by the international system, the Task Force

[54] Ibid.

[55] See footnote 2 above.

[56] See www.un.org/esa/ffd/ffd-follow-up/inter-agency-task-force.html.

provides a space for international organizations to coordinate their work on these and related work streams, which may further the policy coherence agenda.

76. The Addis Agenda also encouraged regional bodies to mobilize their expertise as part of the follow-up process. The Economic and Social Commission for Asia and the Pacific, in cooperation with the Republic of Korea, held the first High-level Follow-up Dialogue on financing for development in Incheon in March 2016, at which a number of regional priorities were identified, including regional tax cooperation (including the role and framework of the proposed Asia-Pacific Tax Forum) and enhancing financial inclusion.[57] The outcomes were presented at the financing for development Forum. The Economic Commission for Europe has been preparing draft international standards for public-private partnerships in support of the Sustainable Development Goals.

77. As at the end of its 2016 session, members of the Economic and Social Council had not decided on the dates for the 2017 forum on financing for development follow-up. A timely decision on dates, themes and other organizational matters of the 2017 forum, as agreed in the outcome of the 2016 forum, will facilitate preparatory work by the Secretariat and by the Inter-Agency Task Force.

[57] See note verbale dated 19 April 2016 from the Embassy of the Republic of Korea in Thailand addressed to the secretariat of the Economic and Social Commission for Asia and the Pacific (E/ESCAP/72/9).

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Macroeconomic policy questions

International financial system and development

Report of the Secretary-General**

Summary

The present report, submitted pursuant to General Assembly resolution 70/188, summarizes information on recent trends in international official and private capital flows to developing countries and ongoing efforts to strengthen the international financial system for the implementation of the 2030 Agenda for Sustainable Development. It also highlights the progress made on agreements and commitments contained in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development with regard to development finance institutions, financial regulation, international tax cooperation, the global financial safety net, gender impacts of development finance, policy coordination and governance reform of the international financial institutions.

* A/71/150.

** The present report was prepared in consultation with staff of the major institutional stakeholders involved in the financing for development process. Responsibility for its contents, however, rests solely with the United Nations.

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I. Introduction

1. In its resolution 70/188, the General Assembly recognized the need to continue to enhance the coherence and consistency of the international monetary, financial and trading systems. It reiterated the importance of ensuring openness, fairness and inclusiveness in the international financial system. It also reiterated the need for the mobilization of resources from a variety of sources and the effective use of financing in order to promote full and productive employment and decent work for all.

2. To achieve the Sustainable Development Goals, both public and private finance need to be aligned with sustainable development. However, as noted in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, to date the international financial system has not adequately allocated resources for long-term sustainable development needs. There has been insufficient investment in critical areas, such as infrastructure, technologies to address climate change, health, education and sanitation services for the world's poor and financial services for all. The financial system and its capital markets do not incorporate the full social and environmental costs of companies.

3. The weak global economy makes implementation of the new agenda more challenging. The Department of Economic and Social Affairs forecasts that world gross product will expand by just 2.4 per cent in 2016, similar to 2015.[1] Downside risks to the global economy remain elevated against the backdrop of weak demand, low investment, constrained public budgets, low commodity prices and volatility in the financial markets.

4. The challenging global environment underscores the importance of ensuring that the global financial system intermediates credit for sustainable development in an effective and stable manner. Ultimately, stability and sustainability are mutually reinforcing. Without a stable financial system, the Sustainable Development Goals risk being derailed by future financial crises and without sustainable investment, there is a risk of sowing the seeds of future environmental catastrophes and economic crises.

II. International financial flows to developing countries

5. International financial flows to developing countries fell in 2015 and are expected to fall further in 2016, reflecting rising global risks and heightened risk aversion. Increased divergence in global interest rates and negative rates in several advanced economies may intensify the volatility of capital flows and the pressure on exchange rates in developing economies. The outcome of the referendum in the United Kingdom of Great Britain and Northern Ireland on its membership of the European Union introduced additional uncertainty in mid-2016, leading financial managers around the world to seek financial safe havens.[2] There is a risk of further market disruption when monetary policies begin to tighten. Greater international policy coordination among monetary authorities can help to mitigate some of the

[1] *World Economic Situation and Prospects 2016: Update as of Mid-2016* (United Nations publication, forthcoming). Available from www.un.org/en/development/desa/policy/wesp/wesp_current/2016wesp_update.pdf.

[2] International Monetary Fund (IMF), "World economic outlook update", July 2016.

negative spillover effects and volatility in the financial markets, while capital account management can help countries manage volatile cross-border capital flows.

A. International public finance

6. As recognized in the Addis Ababa Action Agenda, achieving the Sustainable Development Goals will place significant demands on public budgets and capacities, which will require scaled-up and more effective international support, including both concessional and non-concessional financing.

Official development assistance[3]

7. Preliminary figures for official development assistance (ODA) in 2015 showed an increase to $131.6 billion, representing a rise of 6.9 per cent in real terms over 2014. As a share of gross national income, ODA averaged 0.30 per cent, the same as in 2014 and significantly below the United Nations target of 0.7 per cent. In-donor refugee costs jumped from 4.8 per cent of ODA in 2014 to 9.1 per cent in 2015, reflecting the large numbers of refugees arriving in the countries which are members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). Stripping out funds spent on refugees, aid was up 1.7 per cent in real terms.[4]

8. ODA makes up more than two thirds of external finance for the least developed countries. In the Action Agenda, donors agreed to halt the recent decline in ODA to those countries. Preliminary figures indicate that ODA to the poorest countries increased in 2015 for the first time in several years. Bilateral aid to the least developed countries rose by 4 per cent in real terms in 2015, amounting to $25 billion.[5]

Other international public finance

9. In the Action Agenda, Governments expressed their determination to increase all forms of international public finance and recognized South-South cooperation as increasingly important. The Department for Economic and Social Affairs estimates that concessional South-South cooperation exceeded $20 billion in 2013 and may have further increased in 2014, based on partial data (see E/2016/65).[6] OECD, which also estimates "ODA-like" flows — concessional development finance — from countries that are not members of the Development Assistance Committee, arrived at a comparable figure of $23.5 billion in 2013.[7]

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[3] For a more in-depth discussion, see A/71/311.

[4] Organization for Economic Cooperation and Development (OECD), "Development aid rises again in 2015, spending on refugees doubles" (13 April 2016), available from www.oecd.org/newsroom/development-aid-rises-again-in-2015-spending-on-refugees-doubles.htm.

[5] See OECD, "Development aid in 2015 continues to grow despite costs for in-donor refugees", available from: www.oecd.org/dac/stats/ODA-2015-detailed-summary.pdf.

[6] Estimates include concessional loans and grants, as well as debt relief and technical cooperation provided within the South for development purposes.

[7] Estimates of gross flows, including countries that report to the Development Assistance Committee of OECD (such as some Arab and central and eastern European countries) and estimates from published national sources for countries that do not (such as Brazil, China and India). See "Providers of development co-operation beyond the DAC: trends and profiles" in OECD, *Development Cooperation Report 2015, Making Partnerships Effective Coalitions for Action* (Paris, 2015).

10. The commitments of the World Bank rose in fiscal years 2014 and 2015.[8] Its concessional lending arm, the International Development Association (IDA), which relies on donor contributions to provide highly concessional credits and grants to the world's poorest countries, has grown steadily over the decade in nominal terms, but the last IDA replenishment, agreed in 2013, was broadly flat in real terms.[9] The concessional lending facilities of the regional development banks have remained relatively stable in nominal terms.[10]

11. Annual commitments of non-grant subsidized finance from seven multilateral development banks reached $71.1 billion in 2014-2015, with disbursements of $53 billion and a total exposure of $358.5 billion.[11] National and subregional development banks also exhibited growing levels of commitments and disbursements. Both the New Development Bank and the Asian Infrastructure Investment Bank initiated their first loans and held their first annual meetings in 2016. In the first half of 2016, the New Development Bank approved over $800 million in investments, while the Asian Infrastructure Investment Bank approved over $500 million for four projects.

B. Private capital flows to developing countries

12. In 2015, net capital outflows from developing countries reached $530 billion, outpacing the outflows during the financial crisis. Despite some revival in the first months of 2016, capital outflows are expected to reach $676 billion in 2016.[12] In particular, China witnessed net outflows of $485 billion in 2015 and $123 billion in the first quarter of 2016,[13] in part reflecting corporate efforts to reduce their exposure to dollar-denominated debt.

13. Foreign direct investment (FDI) remains the most stable form of capital flow and, as noted in the Action Agenda, can make an important contribution to sustainable development, particularly when projects are aligned with national and regional sustainable development strategies. Global FDI jumped 36 per cent in 2015 to an estimated $1.76 trillion, its highest level since the global economic and financial crisis of 2008-2009. A strong increase in FDI inflows in developed economies, including a $721 billion surge in cross-border mergers and acquisitions, was the principal factor behind the global rebound, although developing countries also saw their FDI grow, increasing by 5 per cent to a new high of $741 billion.[14]

14. The increased FDI into developing countries was primarily due to increasing inflows to developing Asia, with FDI inflows to India nearly doubling in 2015. FDI to the least developed countries rose by 33 per cent to $35 billion, although the

[8] World Bank, *Annual Report 2015* (Washington, D.C., 2015).

[9] See ida.worldbank.org/financing/replenishments/ida17-replenishment.

[10] Rebecca M. Nelson, "Multilateral development banks: overview and issues for Congress" (Congressional Research Service, December 2015).

[11] United Nations, *World Economic Situation and Prospects 2016* (New York, 2016).

[12] See IMF, World Economic Outlook database, April 2016.

[13] Data for the first quarter of 2016 from national sources, available from www.safe.gov.cn/wps/wcm/connect/6d920c804c296c90a415af4393d9cc2e/The_time-series_data_of_Balance_of_Payments_of_China.xlsx?MOD=AJPERES&CACHEID=6d920c804c296c90a415af4393d9cc2e.

[14] For foreign direct investment data, see United Nations Conference on Trade and Development, Global Investment *Trends* Monitor, No. 22, 20 January 2016, available from unctad.org/en/PublicationsLibrary/webdiaeia2016d1_en.pdf.

upturn was largely due to inflows into Angola, over three quarters of which were loans provided by foreign parent firms to their Angolan affiliates.[15] Overall, FDI into Africa fell by 31 per cent to $38 billion, with the largest declines in sub-Saharan Africa. FDI generally declined into countries with large natural resources, including Mozambique, Nigeria and South Africa. Nonetheless, FDI into developing countries remains concentrated in countries with natural resources, bypassing some countries where the needs are greatest. FDI into Latin America and the Caribbean also declined, with inflows to Brazil, the region's principal recipient, falling 23 per cent to $56 billion.

15. Weakening aggregate demand and falling commodity prices, accompanied by depreciating national currencies, also weighed on outward investment from many developing and transition economies. Measured by FDI stock, China has become the largest outward investor in the least developed countries.[16] Europe became the world's largest investing region overall.

16. Portfolio flows to developing countries, which tend to be more volatile than FDI, fell from $26 billion inflows in 2014 to $363 billion outflows in 2015, with expectations of outflows of around $255 billion in 2016. The largest capital outflow from developing countries has been in the "other investment" category, which includes currency and deposits, loans, trade credits and other financial sector instruments, and is expected to decline further, by $675 billion, in 2016. Cross-border bank lending to developing countries, generally the largest component of "other investment", contracted by 8 per cent in 2015.[17] The impact of that was greatest in China, where cross-border lending to residents of mainland China dropped $305 billion from its mid-2014 peak, including by 25 per cent in 2015.[18]

17. An additional concern about financial stability in recent years has been the growth in private sector external debt in developing countries and emerging markets.[19] While there is no regular reporting on the aggregate stocks of such debt, research carried out by the International Monetary Fund (IMF) in 2015 estimated that the debt of emerging market non-financial corporations had risen from $4 trillion in 2004 to over $18 trillion in 2014.[20] More recent data for 20 large emerging markets indicates that at year end 2015, total credit to non-financial corporations topped $25 trillion, over 103 per cent of the GDP of those countries.[21]

18. Many developing countries have used international reserves to mitigate the impact on exchange rates and other pressures generated by large capital outflows. Reserves in developing and transition economies increased by only $172 billion in 2014 and then declined by over $511 billion in 2015. In absolute terms, that was in

[15] *World Investment Report 2016: Investor Nationality — Policy Challenges* (United Nations publication, Sales No. E.16.II.D.4).

[16] Ibid.

[17] Based on Bank for International Settlements (BIS) data availability and country classification, available from www.bis.org/statistics/bankstats.htm.

[18] Bank for International Settlements "BIS international banking statistics at end-December 2015", April 2016, available from www.bis.org/statistics/rppb1604.pdf.

[19] See A/71/276 and A/71/311 for reports by the Secretary-General on sovereign external debt.

[20] "Corporate leverage in emerging markets: a concern?" in IMF, *Global Financial Stability Report — Vulnerabilities, Legacies and Policy Challenges: Risks Rotating to Emerging Markets* (Washington, D.C., October 2015).

[21] Bank for International Settlements, statistics on credit to the non-financial sector, accessed on 21 July 2016, available from stats.bis.org/statx/toc/CRE.html.

large part driven by China, where reserves were drawn down by $343 billion in an attempt to stabilize the renminbi, and in Western Asia, as a result of the lower oil prices.[22]

19. Countries typically invest reserves in safe liquid assets, with 64 per cent of official reported reserves being held in United States dollars in the first quarter of 2016, up from 61 per cent in 2014.[23] However, the accumulation of safe low-yielding assets comes with an opportunity cost, since reserves could have been invested in domestic productive capacity and infrastructure at much higher returns and with greater developmental impact.

C. Long-term investment in sustainable development

20. The Action Agenda emphasizes that the financial system should develop mechanisms to meet long-term financing needs. There has been interest from the international community in the role of investors with long-term liabilities, such as pension funds, life insurance companies and sovereign wealth funds, which between them are estimated to hold assets valued at over $60 trillion. However, those investors are currently a main contributor to portfolio flows, which have a short-term focus and have contributed to the volatility in capital flows noted above. The reallocation of that large pool of resources remains a challenge. Many such investors continue to invest predominantly in liquid assets, with pension funds in the largest pension markets holding 76 per cent of their portfolios in liquid assets.[24] Nonetheless, there has been a shift towards more illiquid assets, including real estate, private equity and infrastructure. In part, that reflects the low interest rate environment, but might also reflect structural shifts (see A/71/311).

21. The Action Agenda also stresses the importance of continuing to better align investors' horizons with the Sustainable Development Goals through a variety of recommendations, instruments, reforms and other policy measures, including measures to strengthen the international financial architecture.

III. Strengthening the international financial architecture in support of the 2030 Agenda for Sustainable Development

22. The Monterrey Consensus of the International Conference on Financing for Development focuses on the importance of a stable international financial architecture. The Addis Ababa Action Agenda reiterates that, while also stressing the role of the financial system in intermediating credit and investment, in particular long-term investment, and placing a greater emphasis on the role of development banks. It also emphasizes the importance of incorporating sustainability factors into the rules that govern the financial system, in order to achieve the Sustainable Development Goals.

[22] IMF, *World Economic Outlook: Too Slow for Too Long* (Washington, D.C., April 2016).

[23] IMF, currency composition of official foreign exchange reserves database, available from data.imf.org/?sk=E6A5F467-C14B-4AA8-9F6D-5A09EC4E62A4.

[24] Willis Towers Watson, "Global pension assets study, 2016" (February 2016).

A. International public finance institutions

23. The Action Agenda emphasizes that multilateral development banks should make optimal use of their resources and balance sheets, and should update and develop their policies in support of the 2030 Agenda. It also encourages multilateral development finance institutions to establish a process to examine their own role, scale and functioning to enable them to adapt and be fully responsive to the sustainable development agenda.

24. A joint statement from the multilateral financial institutions welcomed the adoption of the 2030 Agenda. The World Bank and IMF outlined their plans for adapting to the 2030 Agenda at their annual meetings in 2015, which were welcomed by a ministerial communiqué.[25] In Asia, while the Asian Development Bank (ADB) will continue to be guided by its Strategy 2020, adopted in 2008, implementation of the 2030 Agenda will be supported by a renewed partnership of the Economic and Social Commission for Asia and the Pacific (ESCAP), ADB and the United Nations Development Programme. Other development banks have indicated that their priorities align with the 2030 Agenda, but have not yet elaborated specific plans for re-examining their role or functioning with regard to it.

25. The World Bank Group last had a capital increase, agreed along with a reform of voting rights, in 2010. In October 2015, the Governors agreed to consider a general capital increase, aiming to reach a decision by the annual meetings in 2017. That coincides with the timetable for further reform of the governance of the Bank (see below). Donors are also considering changes to the way IDA is capitalized. Meetings on the IDA replenishment in the first half of 2016 explored the possibility of leveraging the equity of IDA and making greater use of grants and concessional loans from IDA donors, allowing it to make a higher level of commitments.

26. ADB is working to further optimize its balance sheet. The agreement to merge the lending operations of the Asian Development Fund and the ordinary capital resources of ADB will come into effect in 2017. That will enable it to expand its annual loan and grant approvals from $13 billion in 2014 to more than $20 billion by 2020. At the same time, a number of the Governors of ADB have suggested further capital increases in the medium term. The capital increase of the Inter-American Development Bank, ratified in 2012, should be complete in 2016, resulting in an increase of $70 billion in its ordinary capital resources.

27. At the Group of 20 (G20) Summit, held in Antalya, Turkey, in November 2015, the G20 leaders agreed a five-point action plan to optimize the balance sheets of the multilateral development banks to leverage additional lending out of existing capital resources.[26] In response, the banks have undertaken a number of actions, including setting up a platform to exchange loans to further diversify their portfolios, and prepared a joint response to the G20, which was welcomed at the meeting of G20 Finance Ministers held in July 2016.[27]

28. The Action Agenda also stresses that development banks should establish or maintain social and environmental safeguard systems, including on human rights,

[25] Available from www.imf.org/external/np/cm/2015/101015.htm.

[26] See g20.org.tr/wp-content/uploads/2015/11/Multilateral-Development-Banks-Action-Plan-to-Optimize-Balance-Sheets.pdf.

[27] See www.g20.org/English/Documents/Current/201607/t20160728_3091.html.

gender equality and women's empowerment, that are transparent, effective, efficient and time-sensitive. The World Bank began its safeguards review in 2012. Its Board of Directors discussed a second draft of the new safeguard policies in July 2015 and a consensus emerged on the overall architecture and some of the proposed provisions. The Board opened a third consultation on the draft from August 2015, focused on the feasibility of applying the largely agreed framework in borrowing countries, as well as other open issues that required further attention. The consultations concluded in March 2016.

29. The Asian Infrastructure Investment Bank published a draft safeguard policy in September 2015. After a short consultation and revision period, the final policy was agreed in February 2016, including statements on human rights and gender equality.[28] According to the policy, enforcement of the safeguards will be through both project-level grievance mechanisms and an oversight mechanism, which is still being designed. The New Development Bank has not yet published a safeguard policy, but is recruiting staff related to environmental and social safeguards.

30. Member States have repeatedly emphasized the importance of women's rights and gender equality, including in the financing for development outcomes, and have encouraged the multilateral development banks to include gender equality in their investment decisions. The World Bank Group adopted a new gender strategy in December 2015, which runs from 2016 to 2023 and builds on the conceptual framework developed in the 2012 World Development Report on gender.[29] Its country-driven approach aims to maximize the impacts of efforts to close gender gaps in key development outcomes by steering activities and their monitoring towards measurable and meaningful results. The Bank monitors the gender components of its lending in its corporate reporting. According to its October 2015 scorecard, 64 per cent of projects were gender-informed in the three dimensions of analysis, action and monitoring; 70 per cent of projects were reporting on gender results during implementation; and all country strategies had incorporated gender. The International Finance Corporation (IFC) has been collecting indicators disaggregated by gender through its Development Outcome Tracking System since 2009. In line with the new gender strategy of the World Bank Group, IFC will develop a revised results framework that better reflects gender outcomes in its work. That will include working with its clients on increasing their collection and use of data disaggregated by gender. The African Development Bank Group has strengthened the focus of its results measurement framework on gender and is now seeking to track data, disaggregated by gender, on the beneficiaries of its operations wherever possible. In 2014, 89 per cent of its new projects had a gender-informed design, with 78 per cent having satisfactory gender-equality outcomes.[30]

[28] Asian Infrastructure Investment Bank, "Environmental and social framework" (February 2016).

[29] World Bank Group gender strategy 2016-2023, "Gender equality, poverty reduction, and inclusive growth" (2015), available from documents.worldbank.org/curated/en/2015/12/25691813/world-bank-group-gender-strategy-fy16-23-gender-equality-poverty-reduction-inclusive-growth.

[30] African Development Bank Group, "Annual development effectiveness review 2015: driving development through innovation" (2015).

B. International financial regulation

31. Since the financial crisis, the international community has worked to strengthen the resilience of the financial sector through regulatory reform, aimed primarily at ensuring the safety and soundness of the financial system. Reforms have focused on the banking and insurance sectors and on derivatives markets and shadow banks.

32. The ultimate goal of the financial system is to facilitate the flow of funds from savers to borrowers and effectively allocate funds throughout the economy. The safety and soundness of both individual institutions and the system more broadly is crucial to supporting lending and investment. At the same time, the financial system should provide access to credit if it is to contribute effectively to sustainable development. Reducing risks, particularly systemic risks, while promoting access to credit and financial services for all, presents a complex challenge for policymakers, since there can be trade-offs between the two. The regulatory and policy framework thus needs to strike the appropriate balance.[31]

33. Meanwhile, the Action Agenda notes that financing flows need to be aligned with sustainable development. That can be done through various policy mixes, including pricing externalities, blended finance and guarantees, and leveraging private investment through public intermediaries, such as development banks. It can also be included in the financial governance architecture. For example, the United Nations Environment Programme Inquiry into the design of a sustainable financial system cites several examples, including the focus of the Central Bank of Brazil on socio-environmental risk management flows as part of its core functions as a prudential bank regulator; the argument of the Bangladesh Bank that its support for rural enterprises and green finance contributes to financial and monetary stability; and the prudential review of climate risks to the insurance sector in the United Kingdom undertaken by the Bank of England, based on a connection between its core prudential duties and the United Kingdom Climate Change Act.

Banking regulation

34. International standards for banking regulation are established by the Basel Committee on Banking Supervision, with guidance from the Financial Stability Board, and then adopted into national regulations. The Basel III framework for banking regulation raised the capital adequacy standards for banks, meaning that regulated institutions must hold more core capital relative to assets. At the end of October 2015, the risk-based capital framework had been implemented in all 24 jurisdictions of the Board. The six European Union jurisdictions have included carve-outs that allow lower risk weighting for exposure to sovereign debt and loans to small and medium enterprises, in an attempt to ensure sufficient access to credit in those areas, although this has led to them being judged materially non-compliant with the Basel III standard in peer reviews.[32] Liquidity coverage ratio regulation

[31] See Ratna Sahay and others, "Financial inclusion: can it meet multiple macroeconomic goals?" IMF staff discussion note (September 2015), available from www.imf.org/external/pubs/ft/sdn/2015/sdn1517.pdf.

[32] Financial Stability Board, "Implementation and effects of the G20 financial regulatory reforms: report of the Financial Stability Board to G20 Leaders" (9 November 2015).

was completed in all jurisdictions and disclosure requirements are in draft form in seven jurisdictions.[33]

35. The Committee finalized or issued for consultation a number of global standards for banks during 2015, including margin requirements for non-centrally cleared derivatives; interest rate risk in the banking book; net stable funding ratio disclosure standards; review of the credit valuation adjustment risk framework; criteria for identifying simple, transparent and comparable securitizations; haircut floors for non-centrally cleared securities financing transactions; revisions to the standardized approach to credit risk; and minimum capital requirements for market risk.[34] It has also started work on a review of the regulatory treatment of sovereign risk, which may have an effect on the cost of borrowing for countries considered risky.

36. The use of internal risk models has been criticized since the adoption of Basel II, because the models are highly complex, may allow regulatory arbitrage and may not appropriately handle tail-end risks. Some have argued that they favour larger, more complex financial institutions, which have the capacity to run such models. In addition, there was a concern that the implementation of Basel II advanced approaches which allowed banks to use internal risk models, was uneven and allowed large variations of risk weighting across institutions and jurisdictions. The 2016 work programme of the Committee on Banking Supervision addresses the excessive variability in risk-weighted assets. The Committee plans to look at the rules for and the application of the internal risk models of banks and may impose capital floors, based on standardized approaches. The Committee aims to complete the review by the end of 2016.

37. Governments have also committed to addressing the risk of "too-big-to-fail" financial institutions and the cross-border elements in effective resolution of troubled systemically important financial institutions. To address the issue of "too-big-to-fail", the Financial Stability Board has suggested that designated global systemically important banks should have a total loss-absorbing capacity beyond the general standards of Basel III, comprising the capital and long-term debt of the institution. In November 2015, the Board published a term sheet with a quantitative determination of total loss-absorbing capacity. The implementation of new rules for domestic systemically important banks to have a higher loss-absorbing capacity, which were approved by the Committee on Banking Supervision in 2012 and were to be phased in from January 2016, is nearly complete, although four jurisdictions are still in the process of final adoption.[35] Structural reforms to global systemically important banks, meant to separate core banking activities from market-based activities, have yet to be accepted in many countries and are still being debated.

38. The Action Agenda notes that national policy decisions in relation to financial regulation can have systemic and far-ranging effects well beyond national borders,

[33] Basel III introduced two required liquidity ratios. The "liquidity coverage ratio" requires a bank to hold sufficient high-quality liquid assets to cover its total net cash outflows over 30 days; the "net stable funding ratio" requires the available amount of stable funding to exceed the required amount of stable funding over a one-year period of extended stress. See, for example, www.bis.org/bcbs/publ/d366.htm.

[34] See Bank for International Settlements, *86th Annual Report* (Basel, Switzerland, June 2016).

[35] Basel Committee on Banking Supervision, "Tenth progress report on adoption of the Basel regulatory framework" (April 2016). The standard has also been considered as not applicable to the United States.

including in developing countries. The report of the Financial Stability Board on implementation, dated November 2015, marks the first year that the report has attempted to assess the impact of the implementation of the new financial regulatory reforms. The report found that no major "unintended consequences" in emerging market and developing countries had yet been identified, but acknowledged that evidence was largely qualitative. It noted that some countries had been affected by spillover from the implementation of reforms in the home jurisdictions of global financial institutions. It also noted that it was empirically difficult to single out the effects of reforms, either positive or negative, which was particularly the case for long-term reforms that were still being implemented.

39. In April 2015, the G20 asked the Board to consider risks related to climate change. In November, the Board proposed the creation of an industry-led task force to develop recommendations on climate-related financial disclosures. Appropriate disclosures are not only a prerequisite for financial firms to manage and price climate risks accordingly, but also to allow them to take lending, investment or insurance underwriting decisions based on their view of transition scenarios. In December 2015, the Board launched the industry-led Task Force on Climate-related Financial Disclosures. The Task Force will develop a set of recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures by companies. It has concluded that its recommendations will apply broadly to financial and non-financial firms.

40. On a country level, there has also been an increase in environmental, social and governance reporting and disclosure. A recent study found that there had been a substantial increase in reporting instruments over the past several years, with almost 400 sustainability reporting instruments in existence in 64 countries.[36] Disclosure for financial services companies represents 37 per cent of sector-specific instruments, up from 24 per cent in 2013. Nonetheless, reporting is not standardized and it is unclear to what extent it has changed behaviour.

Shadow banking, derivatives, financial inclusion and correspondent banking

41. Given the impetus for tightening regulation on the banking system, there is a concern that financial activity will shift to shadow banking.[37] The Financial Stability Board estimates two different measures of shadow banking: the narrow measure, which focuses on non-bank financial entities that pose financial stability risks, rose to $36 trillion in 2014. A broader measure, which includes all "other financial institutions", saw an increase to $80 trillion. An even broader measure, which includes pension funds and insurance companies, grew by 9 per cent to $137 trillion.[38] A number of policies were recently finalized in this area (e.g. money market funds, risk alignment of securitization), so implementation is generally at an early stage. A peer review by the Board in May 2016 indicated that more work needed to be done and that "only a few FSB jurisdictions currently have a systematic process involving all relevant domestic authorities ... to ensure that [the

[36] Wim Bartels and others, "Carrots and sticks: global trends in sustainability reporting regulation and policy" (KPMG and others, 2016).

[37] The term "shadow banking" is sometimes used to refer to unregulated financial intermediation that facilitates the creation of credit; however, the Financial Stability Board defines shadow banking as credit intermediation involving entities and activities outside the regular banking system.

[38] Financial Stability Board, "Global shadow banking monitoring report 2015" (November 2015).

regulatory perimeter] encompasses non-bank financial entities and activities that could pose financial stability risks".[39]

42. The 2008 crisis also exposed risks associated with unregulated derivatives, particularly over-the-counter derivatives, which dramatically increase leverage in the financial system. The reforms agreed at the Financial Stability Board, which included the need for trade reporting, central clearing, platform trading and margin posting, were due to be phased in at the end of 2012. By November 2015, half of the Board jurisdictions had implemented central clearing arrangements and one third had fully implemented the platform trading requirements. In many jurisdictions, there are still legal impediments to the effective use and sharing of information derived from trading platforms and central clearing parties. The rules on margin requirements for non-centrally cleared derivatives are to be phased in between September 2016 and 2019.

43. One of the risks of tightening the rules on shadow banking is that unregulated financial institutions often play an important role in financial inclusion, particularly in developing countries. The Action Agenda thus emphasizes the importance of a robust risk-based regulatory framework for all financial intermediation that considers their impact on inclusion (see A/71/311). Member States have committed to considering including financial inclusion as a policy objective in financial regulation, in accordance with national priorities and legislation. They have also agreed to work to ensure that the policy and regulatory environment supports stability in the financial markets and promotes financial inclusion in a balanced manner and with appropriate consumer protection.

44. Correspondent banking relationships, agreements between two banks in different countries to handle transactions on behalf of each other, are an important part of the international financial system. They enable the provision of domestic and cross-border payments and are critical for facilitating the transfer of remittances from migrant workers. The Action Agenda stresses the need for adequate financial services and the facilitation and reduction in cost of remittance transfers, but many correspondent banking relationships have been terminated in the wake of the financial crisis. In July 2016, IMF staff wrote that "in recent years, several countries have reported a reduction in CBRs by global banks. Pressure on CBRs has been associated with restricted access to financial services by certain categories of customers, business lines, jurisdictions or regions".[40]

45. Evidence of the decline of correspondent banking relationships comes from surveys, such as those conducted by the World Bank and published in November 2015, and IMF discussions with country authorities. The Financial Stability Board has also published a report on the decline in such relationships and prepared an action plan that was endorsed by the G20 in November 2015. The action plan included (a) further examining the dimensions and implications of the decline; (b) clarifying regulatory expectations, including more guidance from the Financial Action Task Force; (c) domestic capacity-building in affected jurisdictions; and

[39] Financial Stability Board, "Thematic review on the implementation of the Financial Stability Board policy framework for shadow banking entities" (May 2016).

[40] Michaela Erbenová and others, "The withdrawal of correspondent banking relationships: a case for policy action", IMF staff discussion note (June 2016).

(d) strengthening the tools used for due diligence, including the use of the legal entity identifier in correspondent banking.[41]

Credit rating agencies

46. In 2012, the Financial Stability Board set out a road map to reduce mechanistic reliance on credit rating agency ratings in standards, laws and regulations. The 2014 peer review of implementation by national authorities of the 2010 "Principles for reducing reliance on CRA ratings" found that more could be done to address gaps in individual action plans. As one example, a European Union report from October 2015 found that references to credit ratings were still present in national and European Union legislation, as well as within the collateral frameworks of some central banks.

47. In the United States of America, financial regulators have replaced the mandatory use of credit ratings with alternative approaches that include the use of definitions, regulatory models and evaluation by third parties, but credit rating agency ratings are still allowed to be used by banks in their internal risk models.[42] Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the United States Securities and Exchange Commission annually assesses credit rating agencies, with the most recent report, published in December 2015, covering their activities in 2014.[43] It found that one larger agency and some smaller ones did not have adequate policies, procedures and controls to manage issuer-paid conflict or to prevent the access of analytical personnel to fee or market share information. It also found that at one of the larger credit rating agencies, policies and procedures were not sufficient to prevent prohibited unfair, coercive or abusive practices and that the decision of the agency in question to issue an unsolicited rating of an issuer was motivated at least in part by market share considerations.

C. Multilateral reform

Safety nets and macroeconomic surveillance

48. An adequate global financial safety net can provide liquidity in times of systemic crisis, reducing the incentive for countries to accumulate excess reserves as a form of self-insurance against adverse shocks.[44] The IMF aimed to strengthen the global financial safety net after the global financial crisis by quadrupling its lending resources and introducing several new financing instruments, with the objective of reducing the perceived stigma of borrowing from the Fund and encouraging countries to ask for assistance before they faced a full-blown crisis. The Action Agenda recognizes the need to strengthen the permanent international financial safety net with a strong and quota-based Fund.

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[41] Financial Stability Board, "Report to the G20 on actions taken to assess and address the decline in correspondent banking" (November 2015).

[42] John Soroushian, "Credit ratings in financial regulation: what's changed since the Dodd-Frank Act", Office of Financial Research (April 2016).

[43] United States, Securities and Exchange Commission "2015 Summary report of Commission staff's examinations of each nationally recognized statistical rating organization" (December 2015).

[44] The global financial safety net is generally considered to comprise international reserves, the resources of the IMF, central bank bilateral swap arrangements and regional financing arrangements. Some analysts include market-based instruments as well.

49. In advance of the Third International Conference on Financing for Development, the Fund reformed its lending architecture to expand access to its concessional resources and provide the poorest countries with a wider safety net to handle unanticipated shocks.[45] Key measures include raising access limits by 50 per cent for all concessional facilities, rebalancing the funding mix of concessional to non-concessional financing under blended arrangements and setting the interest rate at zero for rapid credit facility loans to low-income countries with urgent balance of payments needs.

50. In November 2015, the Board of the IMF decided to include the renminbi as the fifth currency that makes up the basket of special drawing rights (SDRs). Because of the substantial increase in the international use and trading of the renminbi, it will form 10.92 per cent of the SDR basket, starting in October 2016. The Fund will also separately identify the renminbi in its official foreign exchange reserves database from that date.

51. A paper by IMF staff in March 2016 noted the growth and reforms of the global financial safety net, while also laying out the case for further reforms.[46] In it they argued that, while the safety net had grown significantly since the global financial crisis, important gaps remained in the architecture. As noted in the paper, the safety net is now more fragmented, has uneven coverage and remains too costly, unreliable and conducive to moral hazard. IMF staff are currently working on a deeper assessment as the basis for considering whether broader reforms to the Fund toolkit would be helpful in addressing the gaps.

52. In the Action Agenda, Member States called for strengthened cooperation between the IMF and regional financial arrangements, while safeguarding their respective independence. The importance of this was underscored in the case of the loans made to Greece in the last several years, with challenges emerging in the cooperation with the emergency financing arrangements of the European Union, owing to different approaches to the lending framework and sequencing of required policy reforms.[47] In May 2016, the Association of Southeast Asian Nations agreed to strengthen cooperation with the IMF by conducting a joint test run of their regional financial arrangement, the Chiang Mai Initiative Multilateralization.

53. In the Action Agenda, Member States recognized that a stable global macroeconomic environment would facilitate the implementation of policies that contribute to sustainable development. Given the current state of the global economy, the IMF intends to conduct intensified monitoring through its external sector report, which gives an update of global imbalances and presents an integrated and multilaterally consistent assessment of the external sector positions and policies of large economies. In 2016, G20 countries also recommitted to conducting financial sector stability assessments at least every five years.

[45] See IMF, "Financing for development: enhancing the financial safety net for developing countries" (July 2015).

[46] IMF, "Adequacy of the global financial safety net" (March 2015).

[47] Independent Evaluation Office of the IMF, "The IMF and the crises in Greece, Ireland, and Portugal: an independent evaluation by the Independent Evaluation Office" (July 2016).

Capital account management

54. The Action Agenda recognized that when dealing with risks from large and volatile capital flows, necessary macroeconomic policy adjustment could be supported by macro-prudential and, as appropriate, capital flow management measures. A forthcoming stocktaking exercise by the IMF of country experiences in dealing with capital flows will draw lessons and examine emerging issues, including reviewing the experience with the framework on the liberalization and management of capital flows articulated by the institutional view of the IMF. In addition, OECD is reviewing its members' experience, with its requirement to liberalize all capital flows. The United Nations system also continues to do work on capital account management, including publishing a compendium of capital account management measures used globally.[48]

Women's participation in the economy

55. In the Action Agenda, Member States committed to ensuring women's equal access to and opportunities for participation and leadership in the economy. Using data from regular enterprise surveys, covering 169 countries, the World Bank estimates that across all countries more than 35 per cent of firms have female participation in ownership. However, only 18.5 per cent of firms have females as a top manager and only 13.3 per cent have majority female ownership.[49] A private sector database of holders of seats on corporate boards globally showed that in 2015 only 15 per cent were women, which drops to 8.4 per cent if only major corporations in emerging markets are considered.[50] Similarly, data from the International Labour Organization on the gender composition of occupations published in 2016 shows that women hold 43.1 per cent of managerial, technical and professional roles globally, but only 41.3 per cent of such roles in developing countries.[51]

Global economic governance

56. The Action Agenda recommits to broadening and strengthening the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance. Countries also reiterated their commitment to further reform of governance at both the IMF and the World Bank to adapt to changes in the global economy.

57. The quota and governance reforms agreed at the IMF in 2010 became effective in January 2016. The reforms doubled the quota resources of the IMF and realigned quota shares, increasing the aggregate voting rights of developing and emerging market countries and improving their representation on the Board. The aggregate quota share of emerging market and developing countries increased by 2.8 per cent to 42.4 per cent. All board members will henceforth be elected, eliminating the right

[48] See, for example, José Antonio Ocampo and Stephany Griffith-Jones, "A counter-cyclical framework for a development-friendly international financial architecture", Department for Economic and Social Affairs working paper No. 39 (June 2007).

[49] See World Bank Group enterprise surveys, available from www.enterprisesurveys.org/data/exploretopics/gender.

[50] Linda-Eling Lee and others, "Women on boards: global trends in gender diversity on corporate boards", MSCI (November 2015).

[51] ILO "Women in work: trends 2016" (2016).

to appoint an executive director that had been enjoyed by the five largest shareholders.[52] Consents to the quota changes are required and, as of July 2016, all but nine countries had lodged their formal consents with the IMF. The fifteenth General Review of Quotas, including a new quota formula, was originally to be completed by January 2014, but the Governors have now agreed that the work should be completed in time for the annual meetings in 2017.

58. The World Bank shareholding review, agreed in 2010, is still being phased in, as countries have until March 2017 to subscribe for their new shares in the institution and pay in additional capital. In 2010, the Governors agreed to conduct periodic shareholding reviews of the Bank and IFC every five years, beginning in 2015. The review in 2015 covered the weighting of members in the world economy, their contributions to the development mission of the World Bank Group and progress towards equitable voting power. At the spring meeting in 2016, the Development Committee welcomed the interim report on the dynamic formula and stressed the need for the further work planned, aiming to reach an agreement by the 2017 annual meetings, in line with the shareholding review principles and the road map agreed in Lima in 2015.[53]

59. In the Action Agenda, Member States, as the shareholders in the main international financial institutions, committed to an open, transparent, gender-balanced and merit-based selection of the heads of the main international financial institutions. In January 2016, the IMF Executive Board opened a process for selection of its Managing Director, as the first term of the incumbent, Christine Lagarde, was due to expire in July 2016. The board invited nominations during a three-week window. Only one nomination, for Ms. Lagarde, was received. In mid-February, the IMF Executive Board thus reappointed Ms. Lagarde for a second term. The five-year term of World Bank President, Jim Yong Kim, is due to expire in July 2017. As yet, the World Bank Executive Board has not announced any timeline for the presidential selection in 2017.

Role of the United Nations in promoting policy coherence

60. The Action Agenda recognizes that institutional "silos" need to be broken down through cross-fertilization of ideas and more effective coordination of actions, as well as the importance of addressing inconsistencies in the system. In the Agenda, Member States committed to taking better advantage of relevant United Nations forums for promoting universal and holistic coherence and international commitments to sustainable development. The 2030 Agenda and financing for development processes have already served to increase cooperation between United Nations agencies, the World Bank Group and the IMF and among development banks. The Inter-agency Task Force on Financing for Development, which includes the five major institutional stakeholders and over 50 United Nations agencies, international organizations and other relevant actors, such as the Financial Stability Board and OECD, can serve to further increase collaboration between international institutions. Members of the Task Force already plan to use it as a platform for advancing cross-institutional work on specific topics.

[52] For full details of the reforms, including the results for individual countries and groups, see "IMF quota and governance reform: elements of an agreement" (October 2010).

[53] IMF and World Bank Development Committee, "2015 shareholding review: report to the Governors" (September 2015).

61. At the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD), held in Nairobi in July 2016, at which the Nairobi consensus (the Maafikiano) was adopted, Member States directed the UNCTAD secretariat to support developing countries, upon their request, in the formulation and implementation of national trade policy and regulatory frameworks and their integration into national development strategies and macroeconomic policies. UNCTAD will also continue working on investment policy frameworks, international investment agreements and the links between gender equality, women's and girls' empowerment and trade and development.

62. The Economic and Social Council has a key role to play in addressing issues of coherence, coordination and cooperation. As a result of the Action Agenda, the annual special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and UNCTAD was incorporated into an annual Council forum on financing for development follow-up. The forum provides an important platform for strengthening international cooperation and its outcomes should guide all Member States and relevant organizations.

IV. Illicit financial flows and international tax cooperation

63. Tackling tax evasion and avoidance and other illicit financial flows remains one of the biggest challenges in mobilizing domestic revenues for developing countries. In October 2015, OECD published a conservative estimate of the value of base erosion and profit shifting, estimating that between 4 and 10 per cent of corporate income tax, or $100 billion and $240 billion annually, is evaded. The report "confirm[ed] that profit shifting is occurring, is significant in scale and likely to be increasing, and creates adverse economic distortions".[54]

64. In a globalized world, there are limits to what countries can do to combat illicit financial flows on their own. The Action Agenda thus called for international tax cooperation to be strengthened and decided to work to further enhance the resources of the Committee of Experts on International Cooperation in Tax Matters. It was agreed that the frequency of Committee meetings would be increased from a total of five days per year in one session to eight days per year in two sessions. The Committee met in October 2015 and considered proposed upcoming guidance on issues such as profit shifting, taxation of service transactions, the extractive industries and tax treaties. It adopted an extensive programme of work, including the creation of two new subcommittees on royalties and on dispute avoidance and resolution. However, the Economic and Social Council has yet to decide on the dates and venue of the future sessions of the Committee.

65. In the Action Agenda, Governments committed to making sure that all companies, including multinationals, pay taxes to the Governments of the countries where economic activity occurs and value is created, in accordance with national and international laws and policies. As one set of actions to address this, a series of reports that comprise an action plan on base erosion and profit shifting, including 15 action items, was published by OECD in October 2015 and endorsed by the G20 leaders at their summit in November 2015. The action plan includes guidance in 11 substantive areas, including on how multinational enterprises may allocate

[54] OECD, *Measuring and Monitoring BEPS, Action 11-2015 Final Report* (Paris, 2015).

profits derived from intellectual property, on the use of management fees and on other intra-group service provision charges, which have been used to shift profits to shell companies in low- or no-tax jurisdictions. OECD has launched an inclusive framework for implementation of the action plan, which, by July 2016, included 85 jurisdictions.[55] The framework seeks to ensure implementation of the four minimum standards arising from the action plan on harmful tax practices, tax treaty abuse, country-by-country reporting and dispute resolution mechanisms, which will be subject to a peer review process.

66. OECD endorsed an implementation package for country-by-country reporting of multinational enterprises in May 2015, whereby the ultimate parent entity of a multinational group with consolidated group revenue of more than 750 million euros would file a country-by-country financial report in its jurisdiction of residence. There are template agreements to facilitate the exchange of such reports, but no central registry. Furthermore, the exchange of information will be subject to the existence of bilateral tax agreements and information technology, which may not be in place for all authorities, especially in developing countries. There is no provision for public transparency on the number of such reports filed or the number exchanged between tax authorities.

67. To properly audit the activities of multinational enterprises, tax authorities will require access to the country-by-country reports. The inability of developing countries to access such reports effectively, because of their less extensive network of tax treaties, may further widen the gap between the taxation capacity of developed and developing countries. Under their domestic legal systems, some countries are likely to seek reports from domestic entities that are part of multinational enterprises, even without tax treaties in place, raising issues about confidentiality. Based on the Convention on Mutual Administrative Assistance in Tax Matters (see below), OECD has now also prepared a Multilateral Competent Authority Agreement on the Exchange of Country by Country Reports. As at the end of June 2016, 44 countries had signed the Agreement. However, some developed countries that host a significant number of multinational enterprises have not signed the agreement and few developing countries have so far signed.

68. The Action Agenda also highlighted the need for access to information on beneficial ownership for the competent authorities. Access to such information can improve the ability of tax authorities to detect tax avoidance and evasion practices by both individuals and enterprises. The most widely used standard is derived from the standard of the Financial Action Task Force and forms part of the standard on exchange of information of the Global Forum on Transparency and Exchange of Information for Tax Purposes. Access to information on the beneficial ownership of an entity in another jurisdiction will generally require a bilateral agreement of some type, such as a double tax treaty or a tax information exchange agreement. Some countries are proceeding unilaterally to public registries. The United Kingdom has legislated to implement a centralized public registry, which became operational in June 2016; Norway and Denmark have also committed to operating public registries; and in May 2015, the European Union promulgated rules that all member States must have centralized registries available to country authorities, although it did not require them to be public. In April 2016, the United Kingdom, Germany, France, Italy and Spain announced an agreement for piloting the automatic

[55] See www.oecd.org/ctp/beps-about.htm.

exchange of beneficial ownership information. Finance ministers from those countries have co-written a letter to their G20 counterparts to urge a global standard for such an exchange, which they suggest OECD and the Financial Action Task Force could take the lead in creating.[56]

69. Information exchange between jurisdictions on financial accounts and tax matters is typically based on either a bilateral agreement, such as a double tax treaty or a tax information exchange agreement or, for parties to it, the multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Multilateral Competent Authority Agreement on the Common Reporting Standards, which now has 84 signatories, is based on article 6 of the Convention. OECD now expects that the first exchange relationships under the Agreement will become effective in late 2016 or early 2017. In relation to the automatic exchange of information, more countries and jurisdictions have joined the Global Forum on Transparency and Exchange of Information for Tax Purposes, which now has 134 members. After 2017, OECD plans to facilitate an in-depth peer review of each jurisdiction that has signed up to the standard on automatic exchange of information to assess compliance.

70. An important issue for international tax cooperation remains that of ensuring that developing countries, including the least developed countries, receive the benefit of information exchange on tax matters in terms of support for the information technology needed for automatic exchange, capacity-building on seeking exchanges and responding to requests, and on data analysis and risk assessment. It is also important that the administrative burdens on such countries are minimized and that confidentiality issues, while very important, are not used to improperly deny information flows to such countries.

71. The IMF, OECD, United Nations and World Bank Group have formed a platform for collaboration on tax to better support Governments through strengthening links between capacity-building and standard-setting, and systematic sharing of information on activities.

V. Conclusion

72. As emphasized in the chapters of the Action Agenda and highlighted in the present report, ensuring a stable, effective and inclusive international financial system will remain critical to achieving the 2030 Agenda for Sustainable Development, including the Sustainable Development Goals, and leaving no one behind.

[56] See www.gov.uk/government/publications/g5-letter-to-g20-counterparts-regarding-action-on-beneficial-ownership.